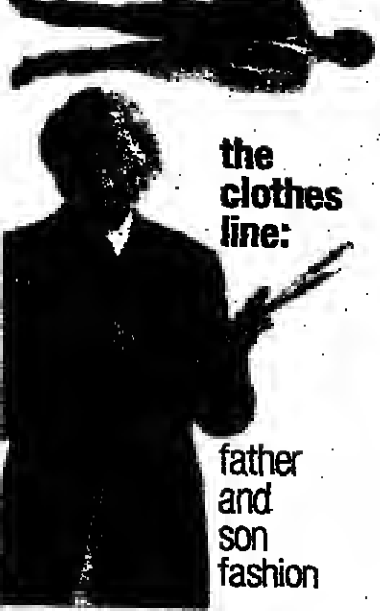


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great city overdosing
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C&W swaps HK Telecom for Chinese opportunity

By Nicholas Denton and Alan
Jane in London, John Fiddling
and Louise Lucas in Hong Kong

Cable and Wireless, the UK
telecommunications group, yes-
terday agreed to give up majority
control of its Hongkong Telecom
subsidiary in return for an oppor-
tunity to expand in China, poten-
tially the world's biggest tele-
coms market.

The deal marks the greatest
shift yet of corporate power in
the territory before the handover
of sovereignty to China early
next month. It also ends uncer-
tainty over the future of C&W's
most valuable business.

C&W, the fourth-largest carrier
of international traffic, will end
up as a minority shareholder in
Hongkong Telecom, but Mr Dick
Brown, its chief executive, said
the transaction would bring
"unique access to the vast oppor-
tunities" of the Chinese market.

Although some analysts wor-
ried about the long-term implica-
tions, it was nevertheless wel-
comed by investors. In London,
shares in C&W rose by 15 per
cent to close at \$72. In Hong
Kong, Hongkong Telecom closed
up HK\$1.80 at HK\$19.00, close to
its record high.

In the first phase of the deal,
C&W will sell a 5.5 per cent stake
in Hongkong Telecom to China
Telecom, a unit of China's Minis-
try of Posts and Telecommuni-
cations, leaving it with a 64.5 per
cent stake.

China Telecom will pay \$1.19bn
for this initial holding. The price,
equivalent to HK\$14.55 a share, is

below yesterday's closing price,
but equal to the average price in
the three months to June 2.

In a second stage, expected to
take between six and 18 months,
C&W will further reduce its stake
until both it and China Telecom
have equal shareholdings in
Hongkong Telecom of about 30
per cent.

In exchange, the companies
said, C&W will become the main
telecoms investor in a new
venture to which the Chinese
state will contribute assets
thought to include some of its
mobile phone operations.

The project, known as China
Telecom (Hong Kong), will be
floated in an initial public offer-
ing within the next six months.
This will pave the way for C&W's
entry by setting a price for the
mainland assets. C&W will
exchange shares in Hongkong
Telecom for a holding in China
Telecom (Hong Kong). After a
further sale of Hongkong Tele-
com shares for cash, C&W's stake
will fall to about 30 per cent.

The deal offers a new market
to C&W at a time when Hong-
kong Telecom's monopoly on
international direct dial calls is
under review and the subsidiary
faces pressure from new rivals
such as Hutchison Telecom.

C&W was advised by BZW, the
investment banking subsidiary of
Barclays Bank, and China Tele-
com worked with CICC, the Chi-
nese joint venture of Morgan
Stanley, the US investment bank.

See Lex; World Stocks, Page 21;
London Stocks, Page 17

German jobless total at postwar record

By Ralph Atkins in Bonn

Germany's budget problems
intensified yesterday as unem-
ployment figures for May showed
an unexpectedly large increase of
56,000 in the seasonally adjusted
total, reaching a postwar record
of 4.358m.

The rise will add to Germany's
difficulties in meeting this year
the criteria for entering a single
European currency.

The increase was announced at
the end of a turbulent week for
the governing coalition. Mr Theo
Waigel, finance minister, had

been forced to back down in a
dispute with the Bundesbank
over plans to revalue Germany's
gold and currency reserves and
remit the proceeds in 1997 to a
special government account.

High and rising unemployment
is exacerbating arguments
between the coalition parties
over measures to plug holes in
the budget this year and next.

Seasonally adjusted unemploy-
ment reached 11.4 per cent of the
workforce last month, compared
with 11.2 per cent in April. The
latest rise followed an increase of
9,000 in April.

The political impact was offset
by a fall of \$1.200 in the unad-
justed, headline jobless figure, to
4.266m. However, Mr Bernhard
Jagoda, president of the federal
labour office, said the pace of eco-
nomic growth had again proved
insufficient to reverse the trend
in unemployment.

Based on unadjusted figures,
unemployment in May was equi-
valent to 11.1 per cent, compared
with 11.3 per cent in April.

By lowering tax revenues and
increasing state spending, higher
unemployment will make it more
difficult for Mr Waigel to keep

Germany's public sector deficit
this year below the 3 per cent of
gross domestic product limit set
by the Maastricht treaty on mon-
etary union. An increase of
100,000 in the annual jobless total
adds about DM3.3bn (\$1.9bn), or
just under 0.1 per cent of GDP, to
the budget deficit.

Mr Stephen King, chief Europe
economist at HSBC James Capel
in London, said: "It is now
increasingly clear that Mr Waigel
will be unable to bring Ger-
many's budget deficit down to 3
per cent of GDP this year."

Budget pressures and worries
about the impact of a premature
revaluation of Germany's gold
reserves on the strength of the
new euro currency this week
prompted several junior members
of the coalition parties to float
the idea of delaying European
economic and monetary union.

However, Mr Heiner Geissler, a
senior figure in Chancellor Hel-
mut Kohl's Christian Democratic
Union, insisted: "There is no
majority in the parliamentary
party for a postponement."

Delors Euro-supremo, Page 2
Sinking feeling, Page 6

Socialist victors talk different languages

Lionel Barber in
Malmo listens to
lectures from
Blair and Jospin

Mr Tony Blair strode on stage,
flashed his trademark grin, and
extended a hand to Mr Rudolf
Scharping.

The high-hearted German Social
Democrat pulled the British
prime minister close. Mr Blair
froze, seemingly appalled at
being welcomed so forcefully into
the bosom of the European
Socialist movement.

Negotiating the European
Socialists' Congress in Malmo,
Sweden, was never going to be
easy for Mr Blair, who buried old-
style socialism to take his Labour
party to a landslide election victory
last month. Not once did he
allow the word "comrades" to
pass his lips, preferring "col-
leagues".

The venue was bad enough: a
huge Pompidou Centre-type edifice
lined with red carpets, red roses
and "seminar rooms" dedi-
cated to socialist icons such as
Brandt, Kreisky, Mitterrand and
Papandreu.

But it was the presence of Mr
Lionel Jospin, the French Social-
ist leader who won an upset vic-
tory in last Sunday's parliamen-



Brothers in arms at the European Socialist party congress in Malmo, Sweden: French prime minister
Lionel Jospin (left), SPD leader Rudolf Scharping (centre) and UK prime minister Tony Blair

tary elections, which turned the
Congress into something of a
political beauty contest.

Mr Blair, brimming with confi-
dence, warned that socialism
must adapt or die. More spending
and regulation were the wrong
way; "there was worship of the mar-
ket. There is the third way: not

old left or new right. A new cen-
tre and centre-left agenda."

Mr Jospin, upright, decent,
almost schoolmasterly, spoke the
language of control. "If market
forces are allowed to let rip, it
will spell the end of civilisation
in western Europe," he declared.
These differences help explain

why the left in Europe is less
confident about the future than it
might be. At first glance, Euro-
pean socialists appear to be on a
roll - they boast nine prime min-
isters and are present in all 15
European Union governments
except Germany and Spain.
But as Mr Klaus Haensch, for-

mer president of the European
Parliament, said: "European
social democracy has to make a
choice between Blair and Jospin,
between new Labour and old
socialism."

For the German SPD - after
more than 13 years in opposition
- the choice is all the more
acute. Elections fall in October
1998 and Chancellor Helmut Kohl
looks vulnerable. But the party
has yet to choose between Mr
Scharping's grey-suited social-
ism, Mr Oskar Lafontaine, the
champane socialist, and Mr Ger-
hard Schröder, the populist
prime minister of Lower Saxony.

Mr Haensch said Blairism in
toto was not for export to Ger-
many, but he favoured it over
French-style socialism.

Mr Erkki Liikanen, the Finnish
EU commissioner, said Mr Blair
was right to stress the need for
more flexible labour markets.

"If it's raining cats and dogs in
New York, you can always find
someone out in the street selling
an umbrella," he observed. "But
if it's raining in Helsinki, you
have to go to the fourth floor of a
department store."

Some also had reservations
about Mr Blair's wooing of the
middle class vote.
"If that means going to church
every Sunday with my wife and
children, then that's where I
draw the line," said one German
Social Democrat MEP.

News General

Yeltsin takes on Lenin

Russian president Boris Yeltsin stepped up his battle with the
Communist opposition by calling for a referendum on removing the
body of Lenin from its place of honour in Red Square. "Let the people
decide whether to bury him in a Christian way or leave things as
they are," he said, raising the prospect of a vote on Russia's Soviet
past. Earlier this month the Communist-led parliament passed a law
seeking to make the Bolshevik leader's tomb inviolable. Page 2

China bars banks from securities markets: State commercial
banks in China were barred from investing in securities markets as
the central government tried anew to tame the speculative stock
exchanges in Shanghai and Shenzhen, where prices have risen by
around 40 per cent since the beginning of the year. Investors had
been expecting a further crackdown but Beijing's stern intervention
clearly caught the markets off guard, sending shares down sharply.
Page 4; World stocks, Page 21

Algerian election upholds governments: Pro-government
parties won a majority of seats in a new Algerian parliament with
limited powers, but the results were disputed by opposition parties.
The National Democratic Rally, created three months ago, won 40 per
cent of the 380 seats. The Movement for a Peaceful Society, a moder-
ate Islamist party, was second with 18 per cent, and the former ruling
National Liberation Front was third with 17 per cent. Page 4

England extend cricket lead: England were 449 for six in their
first innings against Australia in their first cricket test at Edgbaston
before rain brought an early end to the second day of play. Nasser
Hussain scored 207 and Graham Thorpe 138. England's lead is 331.

Woman in the News

"We must roll up our sleeves," says Martine
Aubry, employment minister in France's
new Socialist government. The daughter of
Jacques Delors will have to roll up hers to
fulfil the Socialists' promise to create
700,000 places for France's jobless youth

A broader-gauge Aubry, Page 7



News Business

Xerox sheds Rank link

Rank Group, the UK leisure and entertainment company, said it had
agreed a price of \$1.63bn for its 20 per cent stake in Rank Xerox, the
office equipment venture with Xerox of the US, and said it would
return \$407m to shareholders. The news pleased the UK market,
which had feared that Xerox, the obvious buyer, might hold out for a
lower price. The stake is valued at \$300m (\$1.5bn) in Rank's balance
sheet. Page 24 and Lex; London stocks, Page 17

Stormy bond issues: The risk of a hurricane hitting the eastern
seaboard of the US is now a matter for Wall Street following the first-
ever public sale of hurricane-linked securities. Buyers of the \$400m in
bonds, sold by USAA, one of the country's biggest residential insur-
ers, will lose money only from a direct hit by a massive hurricane
causing damage of \$50bn, according to one estimate. Page 24

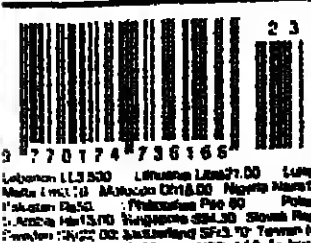
Avis heads for markets: Avis Rent A Car, the world's
second-largest car rental business, is to come to the US market val-
ued at \$600m. Avis, which filed for an initial public offering, will be
spun off from HFS, the franchising group which announced an \$11bn
merger last week. HFS bought the car rental business last year for
\$800m during an acquisition spree which also included Coldwell
Banker. Page 28

Dow soars as US wages resist continued job growth
Wall Street headed for new heights after
US unemployment figures showed their
fourth consecutive month of decline in
May to their lowest level in 24 years, a sea-
sonally adjusted 4.8 per cent. Wage in-
flation remained muted, and stock and bond
prices rose sharply as investors took heart
from the continuing absence of strong
signs of inflation. By noon the Dow Jones
Industrial Average was up 110 points to a record 7,415. US job news,
Page 3; World stocks, Page 21

Long distance takeover: The takeover wave among US
telecommunications companies spread beyond the recognised giants
as Dallas-based Excel Communications announced the \$1.2bn acqui-
sition of Telco, a long-distance phone company based in Virginia. Excel
has been a leader among the new breed of low-cost long-distance
providers which have eaten up market share in the 1990s.
Page 24; World stocks, Page 21

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US markets soar on good jobs news

By Gerard Baker
in Washington

US unemployment declined once again last month, reaching its lowest level in 24 years, as the strong economy continued to create jobs in abundance.

The jobless rate fell for the fourth straight month to a seasonally adjusted 4.8 per cent in May, the Labour Department reported yesterday, the lowest figure since October 1973. In the three months to May the economy added another 640,000 jobs in the non-farm sector, taking the payroll gain over the last year alone to more than 3m.

But in spite of the exceptionally strong labour market, wage inflation remained muted. Average hourly earnings edged up slightly last month, rising by 0.3 per cent from a month earlier. In the year to May, earnings were up by just 3.8 per cent, well below the kind of increase normally associated with very low unemployment.

Financial markets shrugged off concerns that the continuing strength of the economy might prompt the Federal Reserve to raise interest rates again next month. Stock and bond prices rose sharply as investors took heart from the continuing absence of any strong sign of inflation in the wage numbers.

By noon the yield on the benchmark 30-year Treasury bond had fallen to 6.81 per cent from 6.87 per cent earlier in the day. The Dow Jones Industrial Average gained 110 points at 7,415.

The payroll figures for May alone, showing an increase of 138,000 jobs, were substantially below economists' expectations. But the figures reflected the Labour Department's annual benchmarking of its employment statistics, revisions that resulted in a sharp increase in the estimated

new jobs created the month before - the April figure was higher by 181,000 than previously estimated. Overall, the average monthly job gains this year have been 229,000, significantly higher than in the second half of 1996.

In spite of the financial markets' positive reaction to the report, the figures will heighten the dilemma for the Fed at the next meeting of its policy-making open market committee on July 1-2. With still no sign of a breakout in wage costs, the Fed will be reluctant to jump the gun with a rate increase after its decision to leave rates unchanged last month.

But the steep fall in unemployment so far this year will strengthen the hand of those open market committee members who pressed at that meeting for another increase to follow the quarter-point hike in March. The jobless rate has now fallen by 0.5 percentage point since the end of last year.

Much of the increase in jobs last month came in the service sector, notably in leisure-related businesses. But there was also a rebound in construction sector employment, following a decline in April. Manufacturing jobs fell slightly, reflecting a slight weakening in manu-



Taliban army's secret weapon pays off

Charles Clover reports from Kunduz, Afghanistan, on how a handful of Islamic militants scored a spectacular if shortlived victory, capturing five provinces in a matter of days

After 18 years of fighting in Afghanistan's civil war, Qari Rahmat Allah, the governor of the province of Kunduz, thought that he had seen it all. "As a soldier I saw a lot of violence. But what happened here was nothing like that," he said, describing the Taliban's shortlived blitzkrieg across northern Afghanistan which ended a week ago.

Late last month the Taliban, the radical Islamic army which has conquered three quarters of Afghanistan in three years, made a grab for the last quarter. It took five northern provinces with the help of key defections, notably that of General Abdul Malik, who allied with the Taliban long enough to get rid of his boss, General Abdul Rashid Dostum.

The gambit ended badly though, after northern forces turned on the Taliban in the city of Mazar-i-Sharif, killing as many as 500. Other northern towns, like Kunduz, simultaneously threw out occupying Taliban forces.

Strolling around Kunduz with the sandal-clad governor and his retinue of bearded, Kalashnikov-wielding bodyguards, it was difficult to find evidence that a conflict had raged there a week earlier as the Taliban occupied the town for three days before being driven out. No burned vehicles, no caved-in building facades, no



Rallying point: Despite setbacks in the north, Taliban supporters demonstrated yesterday in Charikar, near Kabul

shell craters. Indeed, commerce in the town appeared to be thriving.

"The economy is certainly doing well," the governor confided. Back at his office, Mr Rahmat Allah surveyed the usual group of advisers and friends who had come to ask favours or give counsel, and let on the dirty little secret of the Taliban's short-lived success in the north. "When the Taliban came, the weapon they used was cash," he said.

"Actually, only 50 or 60 of the Taliban came. What

really happened was that they bribed the local commanders to change sides."

"Arif Khan, Mirzo, Harif, Ghulam," somebody in the room started to count off local commanders. "All those guys were paid off. They have all fled now."

The one chief to remain unblemished, named Miroslaw, is now overall military commander of the province. The others fled to a neighbouring province after the Taliban defeat in Mazar-i-Sharif.

Bribing commanders in

Afghanistan is nothing new, but the scale of this operation over the last two weeks was unprecedented. In addition to Kunduz the Taliban managed to take as many as five provinces in a matter of days with few shots fired.

The virtual firestorm of cash required for this has had macro-economic repercussions. "Go to the bazaar, you'll see the dollars," said Mr Rahmat Allah.

Bazaars in Afghanistan typically feature crowds of teenagers hawking wads of the local currency, afghanis.

In Kunduz, however, they are selling crisp \$100 bills.

"There were a lot of dollars in the bazaar last week," said one trader. "It was soldiers selling."

These dollars have helped to drive the rate of the afghani to twice its value of two weeks ago, from 120,000 to the dollar up to 50,000.

Asked where he thought the financing came from to bribe the northern commanders en masse, Mr Rahmat Allah leaned back and took a deep breath. "The usual places, Pakistan of

course, Saudi Arabia, the United States," Mr Rahmat Allah is under the impression, like most of his countrymen, that the US supports the Taliban, at least indirectly.

Asked how much it costs to buy a commander, the governor looked philosophical. "That is between him and God," he said.

Mr Daud Azizi, a deputy of General Abdul Malik who was on a trip to the neighbouring town of Tashkurgan, is an expert in the subject of local commanders in Kunduz, having been one once. "I was head of an army corps in Kunduz in 1981. I know all the commanders. Arif Khan, Miroslaw, Nasif, all those guys are for sale. Look, each has his piece of turf, and they take what they want from their people. The situation isn't normal."

Mr Azizi was temporarily in Tashkurgan to meet the local commanders, presumably to make sure that the situation is "normal" there. Tashkurgan is located up the road from Pol-i-khomri, where trapped Taliban forces are battling it out with Gen Malik's men and those of Ahmed Shah Massoud.

Mr Azizi described the science of keeping commanders happy: "What you need is balance. Not one commander taking everything for himself. We have to create that balance. That is why the Taliban won't come here."

Indonesia halts F-16 purchase

By Manuela Seragosa
in Jakarta

Indonesia has dropped plans to buy nine F-16 warplanes from the US and take part in an American military training programme following what President Suharto called "unjustified criticism" of his regime in the US Congress.

Mr Ali Alatas, Indonesia's foreign minister, yesterday said Mr Suharto resented attempts by some congressmen to link the sale of F-16s and Jakarta's participation in the Expanded International Military Education and Training programme to Indonesia's human rights record.

Indonesia has come under fire in the US over its human rights record and its occupation of the former Portuguese colony of East Timor. The situation has been compounded by controversy in the US over donations from Asians, including those from Indonesia's Ridy family, to President Bill Clinton's election campaign.

In a letter to Mr Clinton, Mr Suharto wrote that he hoped the cancellations would remove "any possible stumbling block" that could jeopardise relations between the two countries and "cause difficulties to the Clinton

administration".

Mr Alatas denied there was a link between Mr Suharto's decision and criticism from the US State Department about the Indonesian general elections, which the ruling Golkar party won last week. The State Department criticised Jakarta this week for limiting political competition.

The cancellation of the F-16 sale is a blow to US efforts to offload nine of 28 F-16s originally sold to Pakistan in 1995. That sale was blocked by Congress because of Pakistan's nuclear policies. Islamabad had paid for the planes and the US was trying to find another buyer to take over the order. The US would have used the money freed up by the sale for aid to Pakistan.

But Mr Alatas said Indonesia thought it was doing the Americans a favour by taking the aircraft off their hands. "We didn't really want those planes in the first place," he said.

Mr Joel Johnson, vice-president of the US Aerospace Industries Association, said yesterday that congressional criticism of Indonesia was "just one more example of how we insult our customers, leaving the Europeans looking better as a result".

Japan's seals of disapproval

Next week's conference on endangered species will be dominated by Tokyo's attempts to overturn the ivory trade ban in order to meet demand for traditional ivory signature seals

Japan's "ancient culture and traditions" are frequently invoked as a defence for a host of practices ranging from whale-eating to blocking imports of foreign rice.

Such arguments are now at the centre of a looming confrontation at a conference beginning on Monday in Zimbabwe of signatories to Cites, the United Nations' convention on international trade in endangered species.

At stake is Japan's multi-billion yen ivory crafts industry - and the dwindling population of African elephants, which has declined from 1.3m in 1979 to about 400,000 now.

Africa's top ivory producers - Botswana, Namibia and Zimbabwe - have been pressing for partial relaxation of the ban on ivory trade, which has been in place since 1980. The three want only to resume ivory exports to Japan - the only advanced country where demand for ivory is still high.

The proposal has pitted the three African states and Japan against the entire environmental lobby as well as leading members of Cites, including the US. In a move that environmentalists see as pivotal to the outcome of the conflict, the Clinton administration said this week it would "strongly oppose" any effort to resume commercial trading of ivory.

Japan, meanwhile, has firmly adhered to its cultural arguments for continued use of ivory. "We don't wish to discuss it, we'd just like to see the resumption of ivory exports," said a spokesman for the Ivory Handicrafts Association in Tokyo.

The arguments take in a wide and highly lucrative cross-section of arts and crafts in Japan. Spokesmen in all the sectors say that none of the substitutes, including whale bone, plastic and even mammoth tusk, will do. Classical musicians claim they can only produce the right sounds from traditional stringed instruments with ivory plectrums and structural parts. Craftsmen who make traditional bunraku puppets say that only ivory can lend authenticity to their work.

But most of Japan's stockpiled ivory - accumulated before the ban and now estimated at about 100 tons - is used by a network of makers of "hanko," or signature seals. The small, cylindrical seals are about 5cm long and bear the "kanji" characters of their owners' names. Written signatures are a relatively new concept in Japan, and hanko seals are still required on official contracts and legal documents.

Nearly every Japanese adult owns one, although genuine ivory hanko at ¥30,000-¥40,000 (\$260-\$345) are beyond the reach of many. Still, nearly 1m ivory hanko are sold in a year, according to Ms Hisako Kiyono of Traffic Japan, an arm of the Worldwide Fund for Nature, which monitors illegal trade in endangered species.

Many of them are made of illegally obtained ivory, according to Traffic's recent survey of hanko shops in Tokyo. Only about 10 per cent of the retailers displayed official stickers on their ivory products that prove the ivory came from legal, pre-1990 supplies. Use of the stickers, which are

supplied by a government agency, is voluntary. But failure to use them suggested the ivory might have been illegally obtained, said Ms Kiyono.

In addition, some dealers retained the stickers after selling legal products and then reapplied them to illegal ones, she said. "An ivory hanko is a status symbol in Japan, many people want them," she said.

The three African countries presenting their proposal at Cites next week say they would not launch new culls of elephants, but draw only on existing ivory stockpiles to resume exports to Japan of about 27 tons a year. However, it would be a temporary measure until the next Cites conference in about two years, and conservation experts are concerned that even a partial easing of the ban would encourage poachers and illegal traders throughout Africa.

An advisory panel appointed by Cites reported last month that the proposal is unlikely to have a "negative impact" on elephant conservation in the three states.

But the US and other countries, including Australia, have warned that there are inadequate safeguards to prevent illegal ivory shipments accompanying proposed legal shipments.

Gwen Robinson

INTERNATIONAL NEWS DIGEST

Top Mafia boss arrested

Italian authorities yesterday arrested Mr Pietro Aglieri, one of the two most wanted mafia bosses. Mr Aglieri, 57, has controlled the powerful mafia families running the Sicilian capital, Palermo, since the January 1983 arrest of Totò Riina, the acknowledged "boss of bosses". Nicknamed "U Signurinu" (the Squire) because of his classical education in a seminary and refined dress sense, he has been on the run since 1989.

Mr Aglieri was arrested with two other mafiosi in an operation involving 300 security forces, who stormed a walled villa and warehouse complex at Bagheria on the outskirts of Palermo. Of the known leaders of Cosa Nostra, the umbrella organisation of the Sicilian mafia, only Bernardo Provenzano remains at large.

Robert Graham, Rome

Bank chief softer on Emu

A narrow failure to meet the criteria for membership of the European single currency need not result in automatic exclusion, according to Mr Wim Duisenberg, the Dutch central bank chief who moves to Frankfurt next month charged with implementing the next stage of monetary union. The Maastricht treaty criteria "have sometimes taken on the significance of a fetish," he said yesterday, in an apparent softening of his position on eligibility for the troubled Emu project.

Stressing the need for a sustainable reduction in public deficits, he said: "I am not too excited about the discussion over the last decimal point - what is important is that the movement is in the right direction" and would not be reversed. At a conference on global conversion organised by ABN Amro Bank in Noordwijk, he said that Emu without Germany - which is among those struggling to meet the budget deficit ceiling of 3 per cent of gross domestic product - was inconceivable.

Gordon Cramb, Amsterdam

Serbian opposition in disarray

Serbia's squabbling opposition parties have been thrown into further disarray by the decision of Mr Slobodan Milosevic, the Serbian president, to shift his powerbase to the Yugoslav federal presidency. The decision by the ruling Socialist party to call for direct elections to the hitherto figurehead post of federal president is designed to shift executive power from the Serbian presidency, which Mr Milosevic is constitutionally unable to seek for a third term.

But faced by this transparent bid by Mr Milosevic to preserve his grip over Serbian and Montenegrin politics, opposition parties formally united in the Zajedno (Together) movement struggled to find an appropriate response. Mr Vuk Draskovic, leader of the Serbian Renewal Movement, said direct election of the Yugoslav president would be more democratic, while Mr Zoran Djindjic, leader of the Democratic party and mayor of Belgrade, said it was an abuse of the constitution. This was the latest example of divergent views in an opposition riven by personal rivalries.

Guy Dinmore and Anthony Robinson, Belgrade

Spanish farmers retaliate

Hundreds of Spanish farmers and truck drivers blockaded the main motorway border with France yesterday in retaliation for French attacks on shipments of Spanish fruit and vegetables. The protest, after two weeks of sporadic action against French products and affiliates of French retail groups, was criticised as "a mistake" by Ms Loyola de Palacio, Spain's farm minister.

She said the border blockade weakened the government's negotiating position in its effort to bring EU pressure on France to control its farmers. Spain, complaining of "passivity" on the part of the French authorities, wants the EU to apply sanctions against countries which fail to safeguard the free circulation of goods. It has threatened to oppose the EU's action plan for completing the single market if it fails to obtain satisfaction.

David White, Madrid

Record investment for Japan

Japan attracted a record ¥770bn (\$6.6bn) of foreign direct investment last year, more than double the amount of the year before. Japan's Ministry of International Trade and Industry has been calling for a further easing of regulations and a revision of corporate tax rules in order to attract more foreign direct investment and stimulate the domestic economy.

However, last year's increase in the value of foreign direct investment owes less to deregulation than to the depreciation of the yen's value against the dollar, which makes Japanese investments more attractive to foreign companies, said Mr Tomoharu Washio of the Japan External Trade Organisation.

Michio Nakamoto, Tokyo

Vietnamese in rare protest

Details emerged yesterday of a rare public protest in Vietnam. About 3,000 farmers abandoned rice fields last week to demonstrate against corrupt local Communist party officials. The disturbance occurred in Thai Binh province, about 80km south-east of the capital Hanoi.

The ruling communist party has repeatedly declared ideological war on corruption. But its rhetoric - and a series of recent showcase trials - have failed to assuage popular anger over graft and influence-peddling, much of which reaches high into the party itself.

Witnesses said the latest disturbance involved people from 33 communes who were unhappy that money they had contributed for building roads had been siphoned off by district officials.

Jeremy Grant, Hanoi

Venezuelan credit upgraded

Standard & Poor's, the credit rating agency, raised its rating on Venezuela's long-term foreign currency debt, including its Brady debt, to B+ from B and has revised the rating outlook to stable from positive. The agency has also assigned a B rating to the country's short-term foreign currency debt. Venezuela's Brady Par bonds surged in response. The upgrade comes as Venezuela is to issue \$315m of eurobonds and refinance its foreign debt payments.

Raymond Collis, Caracas

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NEWS: INTERNATIONAL

Parliamentary majority won by country's pro-government parties

Algeria poll disputed by opposition

By Roula Khalaf in Algiers

Algeria's pro-government parties won a majority of seats in a new parliament with limited powers, but the results of Thursday's elections were yesterday disputed by all opposition parties.

The National Democratic Rally (RND), created only three months ago, won 40 per cent of the 360 seats, while the National Liberation Front (FLN), the former ruling party, came third with 17 per cent of seats.

The opposition said the results had been blatantly manipulated in favour of the RND. Even the pro-government FLN complained of abuses aimed at inflating the RND vote.

The Movement for a Peaceful Society (MSP), the moderate Islamist party, came second but recorded a surprisingly low score of less than 15 per cent of the vote, giving it 18 per cent of seats.

The Islamist vote, which had gone to the now banned Islamic Salvation Front (FIS) in 1991 before the elections were cancelled by the army, was apparently scattered between Islamist and secular parties. Nahda, a moderate Islamist party, won 9 per cent of seats, making it Algeria's fourth largest party.

"The results and the difference between the first and second party do not reflect reality," said Mr Mahfoud Nahnah, the MSP leader. "We fear that such results will not lead to an easing of the Algerian crisis."

Official results showed that the two main secular parties - the Socialist Forces Front (SFF) and the Rally for Culture and Democracy (RCD) - had each won 5 per cent of seats in parliament.

Meanwhile, the Workers' party (PT), a passionately anti-government socialist movement, will occupy four seats in the parliament.

No party said it would withdraw from the parliament, Algeria's first elected assembly.

But the opposition said the fraud was generalised and deliberate.

"This election shows the regime's contempt for Algerians," said Mr Ali Djeddal, FFS international secretary. "Contrary to what is believed outside Algeria, this regime is not capable of reforming itself."

The parties claimed the government had increased the number of mobile polling stations, which they said had escaped observation and where votes were massively in favour of the RND.

They spoke of harassment of their representatives, who were to observe the vote and the counting. Nahda cited an example of ballot boxes that were taken away to be counted by government-armed communal guards.

The RCD said in some polling stations government representatives closed the doors and counted the votes alone.

"We knew they would not change their behaviour from one day to the next but the way in which this election was handled will not facilitate the practice of politics or improve the credibility of the country," said Mr Said Saadi, the RCD leader.

His party also claimed that the turnout rate of 65 per cent announced by the government had been inflated to transfer votes to the RND.

The 100 international observers working under a UN co-ordination team will evaluate the elections in a report expected tomorrow.

Capitalists offered a haven in Cuba

When Cuba's foreign investment minister, Mr Ibrahim Ferradas, recently opened the first of four free trade zones planned in Cuba, the music played during the ceremony was an anthem to legendary guerrilla fighter Che Guevara, killed in Bolivia 30 years ago.

It was an intriguing choice. Mr Guevara, a hero of Cuba's 1959 revolution, preached the idea of a socialist "New Man", who would work hard and produce more through moral, rather than material, incentives.

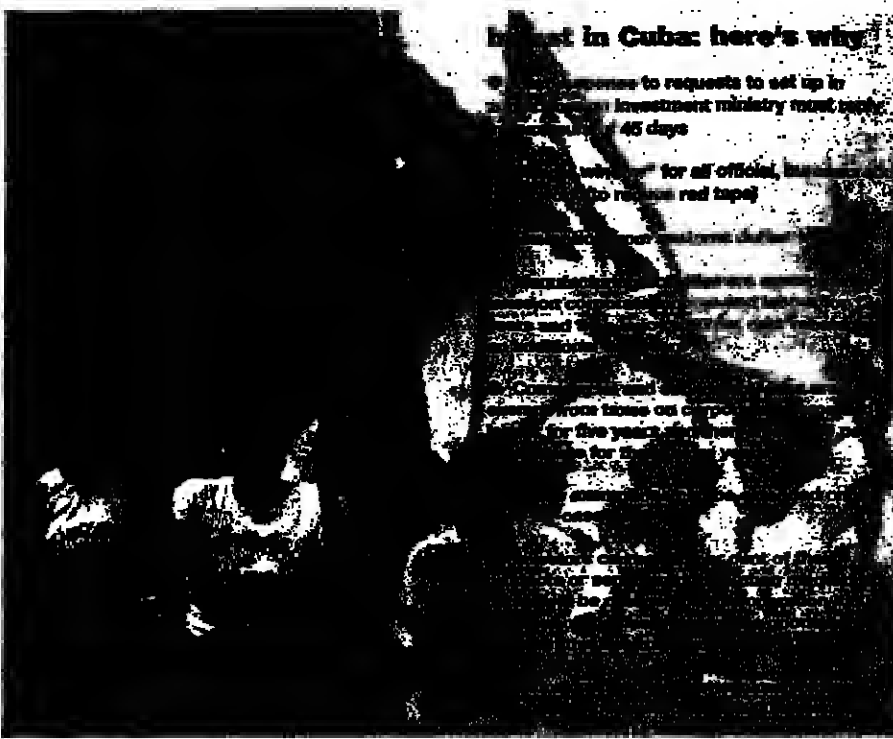
One wonders what he would have thought of Cuba's new trade zones, which will offer unashamedly material incentives to foreign capitalists and local workers alike in the communist-ruled island's latest experiment with free-market reforms.

The Cuban "zonas francas" are part of a government strategy to attract foreign investment that will generate jobs, bring in new technology and open new markets.

"It's another option for the foreign investor in Cuba," Mr Ferradas said.

Two free trade and industrial zones in Havana - one at Wajay next to Havana's international airport and another at Berroa on the city's eastern outskirts - were opened in May.

Both were created from existing "in bond" warehouse complexes already used by dozens of foreign and Cuban companies.



Two other locations, formerly military installations, are being developed at the port of Mariel, west of Havana, and at Cienfuegos port, on Cuba's south coast. These are to open later this year.

Modelled on free trade enclaves in the Caribbean and Latin America, the Cuban zones offer total exemption from customs duties and calibrated exemptions from corporate and labour taxes depending on whether manufacturing or services such as offshore banking are involved.

"These zones are made for export," said Mr Octavio Castilla, who heads the National Free Trade Zones Office, responsible for granting licences to potential foreign operators.

Companies have to export the bulk of their goods or services, although up to 25 per cent of the total can be sold in Cuba. Labour and operating costs were "competitive" for the region, Mr Castilla said.

The free trade zones will not escape the US economic embargo against Cuba, which rules out the nearby huge US market as an export destination.

This seems a big handicap, although Cuban officials play down its significance and say it will not last for ever.

"There are other markets, Canada, Mexico, the Caribbean, Latin America," Mr Castilla said.

Europe is also seen as a potential export destination, but as Cuba is not part of the Lomé Convention that island cannot benefit from

the concessions enjoyed by some other Latin American and Caribbean countries in their trade with the European Union.

At least seven foreign companies have been granted licences to operate in the new Cuban trade zones. One of these is a Dutch law firm, Trenchard Van Doorne, the first overseas law firm to be allowed to open a permanent office in Cuba since 1959.

Its representative, Mr Sebastian Berger, who will operate from the Berroa complex, said the zones offered "on a silver plate" all the basic infrastructure and advantages that a foreign investor could need.

He mentioned Cuba's good geographical location for export and distribution, an educated workforce and a streamlined approval and administration process that aims to cut out red tape.

Other foreign companies granted licences include a Canadian maker of construction materials, a Jamaican powdered drinks manufacturer, an Italian pasta-maker and three Spanish companies.

Mr Castilla said 10 other requests were awaiting approval and there was interest from 50 other possible investors. "It's a good start," he said.

Some foreign businessmen are disappointed that the free trade zones will keep Cuban labour regulations that require foreign employers to hire and pay their workers through a Cuban intermediary.

Under this, the foreign employers pay their workers' salaries in hard currency to the intermediary, who pays the workers in Cuban pesos, although a system of hard currency incentives can be negotiated into the labour contract.

Cuba's free trade zones will initially be run by two Cuban corporations, Alamacenes Universales and Zona Franca Ciudad Habana, which will act as employment agencies.

Invest in Cuba: here's why

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HK party may sue China-backed legislature

By John Ridding in Hong Kong

Hong Kong's Democratic party plans to file a lawsuit within days against the Beijing-backed provisional legislature that will replace the territory's elected legislative council when the colony returns to China in July.

The move, which follows this week's High Court decision to grant legal aid to a Democratic party member, raises the prospect of a legal showdown over the provisional legislature before the handover.

The issue has proved one of the most serious disputes in the transfer of sovereignty, drawing strong criticism from Britain and the US, as well as pro-democracy forces within the territory.

Despite the announcement of financial aid, and the reaction in the pro-China press, legal experts expressed doubt about whether the case could be brought in time.

Some critics of the provisional legislature from within the legal community also questioned whether this was the best time to launch a challenge.

The Democratic party argued that the interim body has no basis in the Basic Law, China's constitution for post-colonial Hong Kong.

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China cracks down on state banks' securities trading

By James Harding in Shanghai

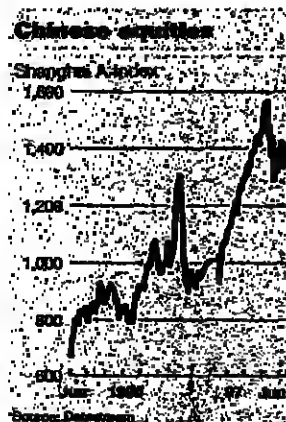
China yesterday barred state commercial banks from investing in securities markets, the central government's most strenuous effort yet to tame the surging, speculative stock exchanges in Shanghai and Shenzhen.

Investors had been nervously expecting another crackdown, but Beijing's stern intervention clearly caught the markets off guard, sending shares down sharply.

The government has taken a series of measures in recent months to cool what it sees as dangerously overheated markets, but to no avail - prices have risen by around 40 per cent since the beginning of the year.

The new measures, though, are sharper than previous attempts to curb speculation.

The regulations, issued by the People's Bank of China, the central bank, require the banks to unwind their stock



holdings over the next 10 days.

The commercial banks are also required to stop trading immediately in the state debt repurchase and spot secondary markets, which the authorities believe have provided liquidity for stock market speculators.

The news, carried on the front page of the Financial News, the official mouthpiece of the market regulators, unnerved investors: the

Shanghai B share index ended down 4.34 per cent at 35,337 points and B shares in Shenzhen were down 3.83 per cent at 150.77 points. The A share indices both ended down by more than 6 per cent.

China's stockmarkets are divided into A shares, denominated in Chinese yuan and reserved exclusively for mainland buyers, and B shares, denominated in foreign currency and, in theory, only available to foreigners.

Traders on the Shanghai stock exchange yesterday forecast further losses next week.

"The banks have provided a lot of cash in the markets and fuelled the speculative elements," said one analyst with a foreign brokerage.

"Stopping bank funds from flowing into securities may be a good thing in the long run, but it could hurt in the near future."

Yesterday's fierce intervention underlines the government's mounting frustration

at its failure in recent months to temper the markets.

Since the beginning of the year, Beijing has issued a series of scolding editorials in the official press, barred state-owned enterprises from dealing in the stockmarkets and announced plans to double the volume of new issues in 1996 in an attempt to soak up liquidity.

The previous announcements have all temporarily dented share prices, but the markets have quickly rebounded, buoyed by investor confidence in China stocks ahead of the handover of Hong Kong and the steady flow of cash out of bank deposits into equities.

The PBOC statement yesterday also required strict enforcement of laws barring banks from lending to securities firms to fund share purchases, a discreet reference to growing concerns that securities firms may have been trading on bank credit.

He added that the government would continue drafting its own bill.

Japan is key source of stolen cars for Asia's black markets

By Gwen Robinson in Tokyo

Japan's role as a growing source of stolen cars and motorcycles for booming black markets in Asia, the Middle East and Russia is sully the country's reputation for remarkably low levels of theft and other crime.

According to Japanese police data, car thefts have surged nearly 30 per cent this year to average more than 3,000 per month. Motorcycle thefts have also risen sharply and are expected this year to exceed last year's total of 240,400.

Police think most stolen vehicles have been smuggled out of the country for resale abroad. More disturbing, they say, are signs that a number of thriving crime syndicates, mainly operated by foreigners, are behind the increase. Some of the biggest arrests this year have netted Vietnamese, Chinese, Russian and Pakistani members of car stealing gangs.

In a recent case, 23 members of a car-theft syndicate, all non-Japanese, were apprehended just as they were about to ship 500 cars stolen from

Tokyo and surrounding areas to Russia. The cars, mainly Toyota Crown, Nissan Cedric and Mitsubishi Pajero models, had been transported to the western part of city of Toyama and hidden in a warehouse.

A member of the gang told police that it was "easier" to smuggle stolen vehicles out of west coast ports as customs procedures were not as tight as in other main ports.

In other recent cases, illicit consignments of 1,000 or more vehicles have been discovered destined for Hong Kong, Thailand and Vietnam. In Thailand, which has become a regional centre for trade in black market vehicles, police say half the stolen vehicles for sale are transhipped to other countries.

The alarming growth of large-scale, organised car theft reflects the growing popularity of Japanese-made cars. Honda, for example, was ranked the "most stolen car" in the US last year and in Asia Japanese cars have become status symbols.

Another factor, in a society which

prides itself on high levels of honesty among ordinary people, is the ease with which vehicles can be stolen. In any main city it is common to see new cars left idling on the street, keys in the ignition and doors unlocked.

People simply did not think someone would steal their belongings, said a spokesman at the Japan Automobile Manufacturers' Association. The association is studying ways to deter car thieves, including upgrades of security devices and prohibiting unauthorised copying of car keys.

The main targets for car theft differ with the markets they are destined for. In Asia, where Toyota and Honda have enjoyed considerable success, smaller models are more popular. Thai police say Mercedes Benz is the only non-Japanese car among the top 10 models on the black market.

In Russia, larger vehicles such as the Toyota Crown are popular. Japanese four-wheel vehicles such as the Toyota Land Cruiser and Mitsubishi Pajero are status symbols in many countries and command correspondingly high prices in all black markets.

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Lottery directors will keep bonuses

By Raymond Snoddy
and David Wighton

The row between Camelot, the UK National Lottery operator, and the national heritage department over "fat cat" bonuses for directors, ended in compromise yesterday.

The directors will not hand back a penny of the bonuses they have already received, which sparked the row in the first place. But they have agreed to donate an unspecified sum from the second tranche of their long-term bonuses for 1997 to charities of their choice.

The pressure to reach a compromise intensified on Thursday after

when one Camelot director described as the "startling" response to an article suggesting that the key directors were prepared to resign rather than be forced to hand over legally earned bonuses.

Leading industrialists are believed to have called the prime minister's office to voice concerns at the effect such a debacle could have on the success of the private finance initiative, a scheme that encourages private money to be invested in public projects.

Downing Street yesterday insisted that the lottery was a special case because of the impact

public concerns could have on ticket sales. The government's intervention should not be seen as a precedent for interference with other private sector companies.

"The Department of National Heritage was trying to protect the lottery and the government will not make a habit of getting involved in the perfectly legitimate activities of private companies," said an official.

Downing Street yesterday denied that any pressure had been put on Mr Chris Smith, the heritage secretary, to soften his line pointing out that criticism of the bonuses was initiated by Mr Tony Blair, the

prime minister, who expressed "outrage". "But the prime minister wanted to ensure that there was no question of government breaking the contract or arrangements previously entered into," an official said.

Mr Smith said he was very pleased at Camelot's response to his proposals and accepted "the commitment made in good faith" by the main Camelot directors to donate money from their 1997 bonuses to charities. "I think that this is a genuine offer and not just a token gesture," Mr Smith said. He added that a line could now be

drawn under the affair. Apart from the payments to charity from the 1997 bonuses, Camelot, in line with its earlier offer, will pay a sum equivalent to the 1996 tranche to the "good cause" recipients of lottery funding.

In addition, from April this year, Camelot will start, for the first time, to pay interest to the good causes arising from a shortfall in the prizes being paid out. Sir George Russell, chairman of Camelot, yesterday estimated the amount involved as £24m between now and the end of Camelot's licence in 2001.

Central bank raises interest rate

By Robert Chote
and George Graham

The Bank of England raised its official dealing rate a quarter point to 6.5 per cent, exercising its new powers over UK interest rates for the first time and provoking complaints from industry that it was tightening the screw on Britain's already hard-pressed export sector.

The three highest mortgage lenders, Halifax, Abbey National and Cheltenham & Gloucester, responded immediately, raising the cost of home loans by a slightly greater 0.35 of a percentage

point. But other lenders held back, apparently reflecting differing strategies in an increasingly competitive market.

Following its inaugural meeting, the Bank's monetary policy committee concluded that "this action to tighten the monetary stance, taken with the aim of meeting the government's inflation target, offers the best chance of achieving continued growth in output and employment at a sustainable pace".

The financial futures market predicts that rates will rise by a further half-point

to 7 per cent by the year-end. The Bank acknowledged that the committee faced a dilemma because of the strength of sterling. The strong pound is depressing demand for exports - especially manufactures - while buoyant consumer spending is fuelling inflationary pressures in the service sector.

The Bank believes that it is essential to slow the pace of domestic spending growth to keep inflation under control - even if this means more pain for exporters. But some economists recommend tax increases in next

month's Budget to restrain consumer spending without hitting exports.

"This further increase in base rates is unhelpful," said Mr Alan Arncliffe, head of economics at the Engineering Employers' Federation.

The Confederation of British Industry said it was disappointed by the timing of the move. It would have preferred the Bank to wait until after the Budget on July 2.

The handful of mortgage lenders that have remained as mutual building societies made no immediate move yesterday. Mr John Dawson, general manager of the

Skipton building society, said it was not surprising that newly converted Halifax should want to raise savings rates to keep customers who were now free to move after receiving their shares.

But Mr John Wrigglesworth, director of investment strategy at the mutual Bradford & Bingley, said the mortgage rate increase by the big three lenders "smacks of margin widening".

Editorial Comment, Page 6; Currencies, Page 9; London stocks, Page 17

Outcry forces derivative rule change

By George Graham,
Banking Correspondent

The Bank of England has bowed to an outcry from investment bankers and agreed to change the way it plans to treat credit derivatives when assessing banks' capital adequacy.

Credit derivatives are new products which allow banks to pass on the risk that a customer might default on a loan, and regulators are still feeling their way on how they should be handled.

Investment banks were alarmed last year by a Bank proposal to treat credit default swaps, one of the most common forms of credit derivatives, as analogous to bank guarantees, rather than as tradable products.

The Bank was worried that banks did not yet know enough about the way credit default swaps behaved to be able to price them accurately, and at first wanted banks to hold them on their banking book, rather than their trading book.

After criticism from trade associations and several individual banks it has now been persuaded that most credit default swaps should be allowed on to the trading book, which in most cases means that they are treated more flexibly for capital adequacy purposes.

In a letter to banks and associations which had commented on its earlier proposals, the Bank this week said it was "helpful to have market support for amending the interim capital treatment in this way, in spite of increases in the capital charges which may result under the current capital framework".

The changes bring the Bank into line with the more flexible treatment proposed last month by the Securities and Futures Authority, which oversees investment banking and broking activities in the UK.

In some respects default swaps function like an insurance policy. A bank pays an insurance premium covering a particular bond or loan to another bank, which promises to pay up the full value of the loan if the borrower defaults.

But the contracts for credit derivatives are structured in a way that makes them easily traded, unlike a bank loan. The UK is ahead of other countries in devising a trading book treatment for credit derivatives.

A survey by the British Bankers' Association suggests the London credit derivatives market now involves contracts covering \$20bn (£12.5bn) estimated to be about half the world market.

Solar homes project offers savings

Sun shines on housing initiative

By Michael Peel

The sun shone on one yesterday as Britain's first solar social housing was unveiled in Silvertown, an estate in the heart of London's Docklands.

Greenpeace, the environmental pressure group, paid the £6,500 solar panel installation costs for each of the homes, which are owned by the Peabody Trust, and house Londoners on low incomes.

Greenpeace said the panels would allow the households to save about a third on an annual electricity bill of £200. "We would like to see it as the first of many such schemes but that's in the hands of the government," said Mr Marcus Rand, climate campaigner for Greenpeace.

"There is the resource to develop up to two-thirds of our electricity requirements from solar energy if we adopt it wholesale in our towns and cities."

Mr Rand said Britain was lagging behind countries

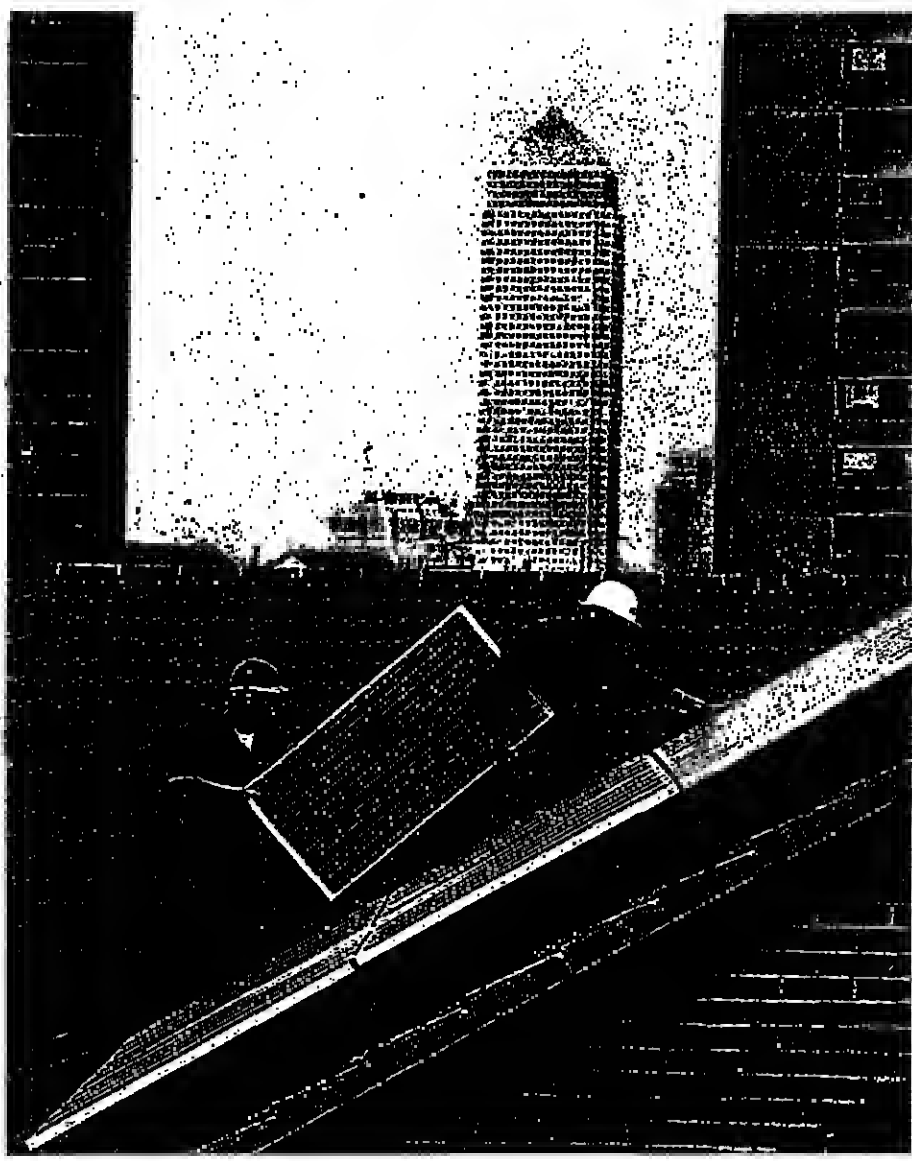
such as Japan, which aims to have 70,000 solar homes within five years.

But politicians and industrialists have recently been looking with renewed interest at solar power as an alternative energy source to fossil fuels. Its viability had been questioned because of high capital costs.

Mr Michael Meacher, the environment minister, said before the election that solar power was "undeniably absent" in the UK. Mr John Browne, chief executive of British Petroleum, said last month that BP aimed in the next decade to increase its sales of solar energy equipment tenfold to \$1bn.

But the residents gathered to watch Silvertown go solar remained dubious about the drive to develop power from the sun. "I think it's a great idea," said Mr Chris Phillips, an unemployed driver.

"But good ideas take so long to take off. The government are too slow about these things."



Solar panels go up in Silvertown: they are expected to cut electricity bills by a third

Windfalls bring boost to travel industry

By Scheherazade
Daneeshkhu, Leisure
Industries Correspondent

Mr Douglas Marsh, a postman working in London, has just spent £2,000 on a family holiday to Florida thanks to the £1,400 windfall he received from the Alliance & Leicester building society when it converted to a bank in April.

Ms Frances Davidson, a graphic designer, is planning to spend her £1,000 Halifax windfall on a shopping spree in Cannes.

"Halifax couldn't have timed it better," she said. "I'm going to Cannes next week and I'm going to splash out on Thierry Mugler on the Croisette and buy a leather jacket."

The travel industry is enjoying a good year thanks to the economic

upturn, a rise in consumer confidence and £20bn of building society windfalls. The travel industry's fight for a larger slice of the payouts began last month when it put summer 1998 holidays on sale - the earliest brochure launch in the industry's history.

This week Halifax, which was the UK's largest society, increased the wealth of one-in-six adults by an average of £2,400 when it floated on the stock market. That bonanza is set to continue as Norwich Union, the insurer, and Woolwich, the building society, come to the market within the next four weeks.

Mr Mike Beaumont, head of commercial at Thomas Cook, the high street travel agent, said that the group's holiday sales last week jumped by 9 per cent compared with

the same time last year from a 2 per cent increase the previous week. "We think the windfalls are having an effect," said Mr Beaumont. "But since Halifax members who sold their shares will have only just got their money, we'll have a better idea next week."

Mr Peter Shanks, commercial director at Going Places, the UK's second largest travel agency chain, said that some people spent their windfall before receiving the money.

"We've benefited already because a lot of people have booked and put down a deposit in the knowledge that they will have the money when it comes to paying in full."

Thomson, the UK's largest tour operator, expected much more to come. "People have got money to

spend and they are spending it. We are optimistic that the full impact of the windfalls will come in the next six months by driving through holiday sales for the back end of 97 and summer 98."

Sales of summer holidays are 12 per cent higher than this time last year and the industry expects the market to be up by about 6 per cent at the end of the summer. Travel agents say that people are buying more expensive holidays. "Many people are using their windfall for the long-haul holiday that they've been dreaming about," said one travel agent.

Sales of short-break holidays are also doing well, partly because windfall beneficiaries who have already booked their main holiday are able to afford a second one.

Tories' forthright pro-European gains ground

The former chancellor has had a surge of support from activists in his bid for party leadership

Mr Kenneth Clarke, who was chancellor of the exchequer in the last years of the Conservative government, is enjoying a sudden and powerful surge of support from party activists in his bid to succeed Mr John Major as party leader, according to a survey conducted by the Financial Times.

Although MPs have been led to believe that activists backed Mr William Hague, the 56-year-old former chief minister for Wales, constituency chiefs across England appear to be switching support to Mr Clarke. Mr Major said after his government lost the general election on May 1 that he would quit the party leadership as soon as a

successor was chosen. Although the party's 164 MPs are the only people enfranchised in the leadership election, heads of local Conservative associations will form the bulk of the 900 people who take part in an informal poll to be published on Tuesday morning.

FT writers have tried to gauge the views of activists at constituency level by contacting more than 100 chairmen and chairwomen in constituencies won by the Conservatives in the general election on May 1.

Of the 87 association heads who responded to the survey, 36 said they would like to see Mr Clarke replace Mr Major as leader, while 21 supported Mr Hague.

Although Mr Clarke is admired by many MPs for his forthright style and swashbuckling manner, many activists have been cynical for years about what they see as his pro-European views on Europe and his arrogant style. But the views of party chairmen and chairwomen in constituency associations all over England appear to be undergoing a sea-change.

Five chairmen said they would back Mr Peter Lilley, the former social security secretary, with four giving their support to Mr John Redwood, who unsuccessfully challenged Mr Major for the leadership in 1995.

Two chairmen in our sam-

ple said they would back Mr Michael Howard, the ex-home secretary, while 19 said they had not yet made up their minds how to vote.

The survey is another strong indication that Mr Clarke should do well in the first ballot of the Tory leadership contest next week. Many Conservative MPs will consult their constituency association leaders this weekend.

The responses received by the FT will trigger new fears among rightwing MPs that Mr Clarke is building up unstoppable momentum in his bid for the party leadership.

Particularly worrying for some rightwing candidates will be signs that Mr Clarke

is getting support from chairmen whose own MPs are associated with his rival camps.

Among the Tory MPs whose local chairmen now look set to back Mr Clarke are Mr Tim Collins, one of the managers of Mr Michael Howard's campaign; Mr John Townend, a close ally of Mr Redwood; and Mr Andrew Lansley and Sir Michael Spicer, both also supporters of Mr Howard.

Mr Redwood also appears to have little support in Chingford & Woodford Green, where the local MP, Mr Iain Duncan-Smith, is the manager of his campaign.

Here, Mr Reg Wode, the constituency chairman, said that three consultative meet-

ings with members had failed to produce enough support for Mr Redwood - and that "a lot of our members think Mr Clarke is the best choice and has the best chance of bringing the party together."

On Thursday night Mr Lilley tried to broaden his own appeal in the run up to the contest by modifying his long-standing opposition to a single European currency.

Delivering a lecture in London, Mr Lilley said he maintained strong objections on constitutional grounds to a single currency.

James Blitz
Jimmy Burns
Liam Halligan

UK NEWS DIGEST

US boost for Ulster plant

Seagate Technology, the US data technology company, is to double the size of its Londonderry wafer fabrication plant, investing a further £149m (\$243m) to create 1,125 jobs during the next five years.

Seagate, which makes advanced read-write heads for computer disc drives and tape drives and has operations in 22 countries with worldwide sales of \$9bn, is now the largest US company in Northern Ireland. Its expansion underlines the continuing business confidence in the province. The UK government is to provide £39.4m. The facility will be operational in December 1998, by when the company will be employing 2,500 research, manufacturing, and technical staff.

Seagate is the world's leading supplier of magnetic recording heads, producing more than 300m units a year and accounting for 20 per cent of world supply. The Derry plant, located on the aptly named Disc Drive, is a pivotal part of Seagate's global operation, with production shipped to Penang in Malaysia where it is used in the assembly of products for the consumer electronics industry. The company also employs 1,400 people in Clonmel in the Irish Republic and is in negotiations with the Irish authorities about a \$400m greenfield investment in Cork to make disc drives.

LLOYD'S Chairman to limit his liability

Sir David Rowland, chairman of Lloyd's, admitted yesterday that he personally was no longer prepared to risk trading at the insurance market with unlimited liability. When he retires at the end of this year he will switch to limited liability.

"Although I believe that the risk of serious loss is unlikely, it is real," Sir David told several hundred Names - whose personal assets have traditionally backed the insurance market - in a valedictory speech at Lloyd's annual meeting in London. "Unlimited personal liability has been shown to mean exactly what it says, and I no longer believe that the substantial advantages of that method of trading should blind us to its possible consequences," he said.

His comments struck at the heart of a fierce debate which has split Lloyd's since the completion of a recovery plan last year. Managing agents running syndicates have strengthened ties with the corporate capital that has flooded into Lloyd's over recent years. Many want the falling numbers of Names to convert their participation on syndicates into shares in businesses with permanent capital. But other Names prefer the high returns and tax advantages of unlimited liability.

CIVIL JUSTICE Barclays head to review reforms

Lord Irvine, the Lord Chancellor, yesterday appointed Sir Peter Middleton, deputy chairman of Barclays Bank, to carry out a value-for-money review of the Conservatives' civil justice and legal aid reforms.

Sir Peter, a former permanent secretary to the Treasury, will deliver preliminary findings to Lord Irvine by the end of September. The Lord Chancellor, the head of the judiciary in England and Wales, said that would enable him to make "prompt decisions" in October on the future of the civil justice reforms proposed by Lord Woolf, the most senior civil judge, and the proposals for capping legal aid spending put forward in a government policy paper last summer. Sir Peter's task will be to make recommendations on whether current proposals are workable, whether they are likely to be cost-effective, priorities for implementation and possible alternatives.

CONSTRUCTION Fourth quarter of output growth

Construction output rose 1.4 per cent in the first three months of the year compared with the final quarter of 1996, its fourth consecutive quarterly increase. Compared with the first three months of last year, the output rise was 3.7 per cent, according to the environment department's seasonally adjusted figures which are at constant prices.

The figures were welcomed by Mr Nick Raynsford, construction minister, who said: "The sustained increase in output combined with the general growth in new orders shows that the construction industry is slowly moving in the right direction."

PROFESSORS Women still vastly outnumbered

Female professors are still vastly outnumbered by their male counterparts in British universities, according to a survey. While women now take up half the places on most university degree courses only 8 per cent of British professors are female. The study also reveals that the older universities such as Oxford and Cambridge are proving the most resistant to sexual equality.

Two new universities are at the top of a 1995-96 league compiled for the Times Higher Education Supplement. South Bank, London, and Oxford Brookes said one in three professors are women. Oxford has just 15 women out of a total of 233 professors, and at Cambridge female professors represent only 5.3 per cent of the total. The University of Plymouth came bottom of the table with only one female professor compared to 43 men. By subject, female professors are most likely to be found in medicine, education and librarianship.

LATE PAYMENT Consultation paper to be issued

Mrs Barbara Roche, the UK minister for small firms, yesterday said the government would shortly issue a consultation paper to consult on plans to introduce a statutory right to interest on late payment. Claiming that some 80 per cent of companies had been shown in an opinion poll to want the legislation, Mrs Roche said the government was "determined to end the culture of late payment which stops so many small firms from growing".

Earlier this week, Mrs Roche revealed that a survey conducted by the previous Conservative government had shown that a majority of small business organisations consulted at the time opposed a statutory right of interest bill. In a written reply to parliament, she said 54 organisations with small companies in their membership responded to the 1996 review and that 22 favoured a statutory right to interest while 32 were against.

AIR TRAFFIC CONTROL Scottish centre confirmed

The UK government has confirmed plans for a £230m (\$372m) air traffic control centre at Prestwick in Ayrshire, Scotland, safeguarding 700 jobs. The centre was first mooted before last month's general election but has been threatened by the government's vow to review all private finance projects. Yesterday, Mr Gavin Strang, the transport minister, swept away any doubts during a visit to the present air traffic control centre. He said: "I am pleased to be able to confirm that the new Scottish Centre for Air Traffic Control will be built at Prestwick. It should be operational by the year 2001 or 2002." He added it was "good for jobs, good for the aviation industry, and good for Scotland".

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday June 7 1997

Bank takes the lead

They're off. The Bank of England's monetary policy committee gave the punters just what they expected yesterday after its first meeting since the Treasury's old course.

Its decision to raise base interest rates by a quarter of a percentage point to 6.5 per cent would be exactly true to form, except that it has none. It began life only a month ago, when the Bank was given operational independence over monetary policy. The Bank has been saying since last summer that it believes rates should rise to choke off inflationary pressures. But there was no knowing whether the four distinguished economists co-opted on to its new committee would agree. The first indications of how the new members might influence the Bank will not be available until July 16, when the minutes of the first meeting will be released.

Even though the outcome of this meeting was modest, and so predictable that it was almost predictable, it was still an event of historic significance. Anyone who doubts this might glance across to Frankfurt, where the battle of gold ended this week in victory for the German Bundesbank and a humiliation for Chancellor Helmut Kohl's government.

That battle, over the revaluation of Germany's gold reserves, might be thought a far remove from the more modest objectives of the Bank of England - to achieve an inflation target of 2.5 per cent. However the Bundesbank's victory showed the importance of gaining prestige and popularity with the public. It is hard to imagine citizens marching in the streets to support the Bank of England as a champion of honest money, but the events in Germany this week show that it could happen, one day.

Inflation outlook

Indeed, provided that the new monetary committee is not diluted with government placemen, conflict would seem inevitable sooner or later. In Germany, there have been about a dozen big arguments since the second world war, most of which the bank won. In Britain, the first flexing of muscles may be over the forthcoming budget on July 2. The Bank does not make public its advice to the Chancellor on fiscal policy. But in setting interest rates, the Bank must obviously consider the government's deficit as well

as the state of the economy and the inflation outlook.

It is a one-way bet that the Bank thinks public borrowing is too high. The economy is still growing fast - by 1 per cent in the first quarter. Industrial production is rising, despite the 20 per cent appreciation of sterling since the start of last year. The Halifax led the way to bumper windfalls for the public as building societies turn themselves into banks. Its 7.6m members and savers received shares worth an average of £2,200, much more than expected. The total of such windfalls is now thought likely to exceed £28bn, and there is growing evidence that a significant proportion will be spent, adding perhaps 2 per cent to an already buoyant domestic consumption.

Skills shortages

Strong demand combined with continued falls in unemployment is resulting in skills shortages. A recent survey showed that 66 per cent of service sector firms are now experiencing recruitment difficulties.

From these and similar data, two related conclusions can be drawn: first, that the economy is in danger of moving into an inflationary boom, as happened when Lord Lawson was chancellor a decade ago; second, despite the 1.65m unemployed, the economy may now be running at close to full capacity.

The Bank met the inflationary threat with yesterday's rise in interest rates, the third step since last summer in its progressive squeeze. It will need to do more. How much will depend on the Treasury's view of the business cycle. If the economy is indeed at the top of the wave, this year's borrowing is too high. It was forecast by the Treasury in November to be £19bn; more recent estimates suggest around £18bn or less. This is still too high, if the country is to avoid the risk of deep deficits in the next downturn.

Central banks, even with a limited monetary remit, cannot help taking a broad view of financial stability and prudence. This time round, the Bank will probably keep its criticisms muted, partly because of the improving state of public finances and partly because the rules of engagement are not yet clear.

And of course if this government really does stick to its financial targets as promised, the Old Lady will have little to do but keep on smiling.

That sinking feeling

Helmut Kohl's coalition has been left badly weakened and out of public favour after its losing confrontation with the Bundesbank

Mr Jenschka Fischer, the leader of Germany's opposition Green party in the Bundestag, the country's lower house of parliament, has slipped effortlessly into the role of Bonn's Cassandra.

Four months ago, he accurately captured the political mood when he adapted Wagner and spoke of a *Kaiserdommerrung*, a twilight period for Chancellor Helmut Kohl. This week, co-sponsoring a motion to sack Mr Theo Waigel, the finance minister, Mr Fischer declared: "We are at the end of a coalition and at the end of the Kohl era."

Mr Fischer was the only opposition speaker to make the chancellor wince during Wednesday's four-hour Bundestag debate. Although Mr Kohl's coalition of centrist Christian parties and market-oriented Free Democrats later defeated the bid to oust Mr Waigel, there was a hollow victory. The vote secured an extra lease of life for the government but did nothing to solve the political impasse at the heart of Europe's largest economy.

Indeed, the extraordinary events of the past two weeks in which Mr Waigel sought first to use a revaluation of the Bundesbank's gold reserves to help meet the conditions for European economic and monetary union this year, only to back down in the face of massive protest from the central bank, the public and his own backbenchers, have dealt the government a lasting blow.

Mr Helmut Geisler, a senior figure in Mr Kohl's Christian Democratic Union, said yesterday that the government had made a "strategic mistake" and suffered a "loss of authority" by becoming embroiled in the row with the Bundesbank, which is one of Germany's few revered institutions. His words were echoed by Mr Roland Koch, CDU leader in the state parliament of Hesse and one of the party's up-and-coming leaders.

The coalition, which came to power in 1982 with the promise of restoring sound economic management and healthy public finances, has sacrificed its reputation for financial competence. An opinion poll in the newspaper *Die Woche* showed that 71 per cent of voters believe the government can no longer solve Germany's financial problems. Just over half thought Mr Waigel should go.

Only 37 per cent thought Germany could meet the criteria for the Euro enshrined in the 1992 Maastricht treaty, while 71 per cent said that Germany should not bind itself to the planned starting date of January 1 1999 for the launch of the euro, the single currency.

During a fortnight in which political taboos have crumbled, there have been renewed calls to delay the euro. While Mr Kohl



again pledged that Germany would do all in its power to meet the timetable and criteria for the Euro, Mr Gerhard Schröder, the prime minister of Lower Saxony and the opposition Social Democratic politician credited with the best chance of defeating Mr Kohl in next year's general election, advised his "controlled postponement". Mr Edmund Stoiber, the Christian Social Union prime minister of Bavaria, cautioned that "keeping to the timetable at all costs was not the sign of a good European".

The unravelling of the government's authority persuaded Mr Kohl to break a long-established convention of never intervening in German politics from abroad. On Monday, in a speech to a bankers' conference in Switzerland, he tried to calm the future over the gold issue.

Back home, the chancellor faced mounting unrest in the CDU and Mr Waigel's CDU. Late last week, a young CDU Bundestag member, Mr Jürgen Augustinowicz, dared to blight his political future by announcing that he would vote against the government if it went ahead with its plans to revalue the Bundesbank gold and transfer the resulting capital gain to Bonn this year.

On Monday, before news of Mr Waigel's retreat over gold, there was, for the first time, open criticism of the finance minister from among his 50 CDU MPs in Bonn. The atmosphere was chilled when Mr Kohl and Mr Waigel met the CDU/CSU parliamentar-

ians on Tuesday. The MPs stayed silent when Mr Waigel announced that he was on the way to a solution of his differences with the Bundesbank. According to participants, the longest and loudest applause came after Mr Kohl told the MPs: "I know what it is like. You go back to your constituency parties and they ask you just one thing. What is this crap you are getting up to in Bonn?"

If Mr Kohl could answer that question, he might be able to look to a better future. But this week's parliamentary vote solved none of his government's problems.

The leaders of the coalition will meet again next week in a renewed effort to fill a gap of at least DM20bn (\$11.7bn) in this year's federal budget and a similar hole in budget plans for next year. Two meetings in 36 hours this week failed to solve a financial crisis caused by a large and growing shortfall of forecast tax revenues and the huge extra costs of greater than expected unemployment.

In the words of Mr Geisler, the coalition is "stuck in home-made traps" that prevent a resolution of the budget problems. The small FDP, which relaunched itself as a tax-cutting party last year, bound itself at its recent annual congress in Wiesbaden to veto tax increases as a way out of the budget mess.

The CDU, in a position reaf-

firmed by Mr Waigel on Thursday, has ruled out all but a small increase in public borrowing through its insistence that the limit imposed on public deficits by the Maastricht treaty should be interpreted strictly as "2.0 per cent" of gross domestic product.

Mr Geisler exempted the CDU from his critique of home-made blockages. But the party's strong left wing, of which he is a prominent member, has so far refused to allow significant cuts in social spending, in part on the justified grounds that such proposals would be blocked in the Bundestag, the second chamber, where states controlled by the opposition have a majority.

This week, Mr Waigel announced that all federal expenditure projects of more than DM1m would require his special permission. The measure sounds draconian, but coalition experts doubt whether it will save more than DM2bn this year.

Mr Waigel, encouraged by the FDP, is seeking salvation in increased privatisation. Selling assets ranging from Deutsche Telekom shares to a part of the nation's strategic oil reserve may help the minister craft a 1998 budget that conforms with the constitutional requirement that federal borrowing must not exceed investment. But it will not help meet the Maastricht deficit criterion.

Past German coalitions have broken up in such conditions of stalemate. For the moment, this looks unlikely. Mr Oskar Lafon-

tain, SPD leader, this week ruled out a so-called "grand coalition" with the CDU-CSU because of the government's attempts to cut social benefits. The FDP, in its present tax-cutting mode, could not coalesce with the SPD. There has been a suggestion that the FDP might pull its three ministers out of the cabinet and campaign ahead of next year's general election for radical policies to cut taxes and spending while leaving Mr Kohl with a minority government.

Mr Michael Glos, leader of the CSU MPs in Bonn, dismisses such notions: "I don't take the suicide threats of the FDP seriously any more. It is like a carp threatening to throw itself on land."

The coalition has until July 10 to show it can escape its worst crisis: that is when the cabinet is due to agree the federal budget for next year. But surviving the next five weeks offers no assurance that Mr Kohl can revive his government's fortunes or retrieve the authority lost through Mr Waigel's bungled assault on the Bundesbank's gold.

The summer break will be followed by 12 months of elections, with state polls in Hamburg, Lower Saxony, Sachsen-Anhalt and Bavaria preceding the general election on September 27 next year. A year dominated by the hustings is an unpromising environment in which to push through vital reforms and recapture a lost reputation for economic competence.

LETTERS TO THE EDITOR

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Trade and human rights complexities

From Mr David Gordon.

Sir, Professor Jagdish Bhagwati is correct in asserting ("Short on trade vision", June 3) both the need for the Clinton administration to articulate a coherent policy promoting global free trade, and the importance of pursuing non-trade goals, such as environmental and labour concerns, outside of trade negotiations. Our perennial debate shackling most favoured nation status for China to the very legitimate human rights issues has

served neither interest.

Unfortunately, establishing an effective "dual track" policy is more complicated than Bhagwati submits. His proposal to pursue the social agenda "energetically" outside trade agreements lacks credibility and vigour. Is there really no better way other than to "enhance research capabilities at the International Labour Organisation and Unicef"? Politically, this proposal is a non-starter.

The human rights, environ-

mental and labour communities will not and should not be enticed into withdrawing from the trade debate in exchange for installing several new PhDs at the UN. A more muscular forum for addressing these issues must be found.

David Gordon,
director,
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Bonus move will alienate supporters

From Mr Peter M. Brown.

Sir, I refer to the intervention by Chris Smith, the UK's national heritage secretary, in the bonuses paid to directors of Camelot, the lottery company. Such a move on directors who have clearly been instrumental in establishing a highly successful, sleaze-free and profitable source of funds for good causes, risks alienating many businessmen for the prime minister, Tony Blair, who have supported New Labour.

Ministers can, of course, express a preference for a not-for-profit lottery operator, but if the subsequent take falls short of Camelot's figures they are handing a very easy "profit motive" to the opposition.

The attack on openly negotiated bonuses for the executive team, with its hint of retrospective legislation and forcible titling of performance payments, is equally unattractive to professional managers.

Many bonus beneficiaries voluntarily give extra money to charity. Sir Iain Vallance, chairman of BT, was a prime example when he was one of the early recipients of significant private sector bonuses from what had been a low-paying and low-performance nationalised monopoly.

Peter M. Brown,
chairman,
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UK

Real match needed to aid women's tennis

From Mr G.S. Jackson.

Sir, The reason that the women's tennis game is in "some trouble financially" (Weekend FT: "The quest to perform a feat of clay", May 31/June 1) is crystal clear to anyone with the time to watch it: it is mostly a joke. Unlike in the men's game, only about six of the 500 listed women players can give each other a real match. This is evident in tournament after tournament when the

real action starts only with the semi-finals and sometimes the quarter-finals. The rest of the rounds are one 6-1, 6-0 yawn after another for these six players.

If I were the tournament director, I would ban any woman player with a world rating greater than 16, and start the tournament with only the top 16. The women would also have to play five-set matches so as to earn the ridiculously high prize

money that they get. Or, I would cut their prizes for three set matches. Until the women can put on the same kind of tennis show that the men do, their game will go deeper and deeper into "some trouble financially".

G.S. Jackson,
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Contradiction in stand on labour and borders

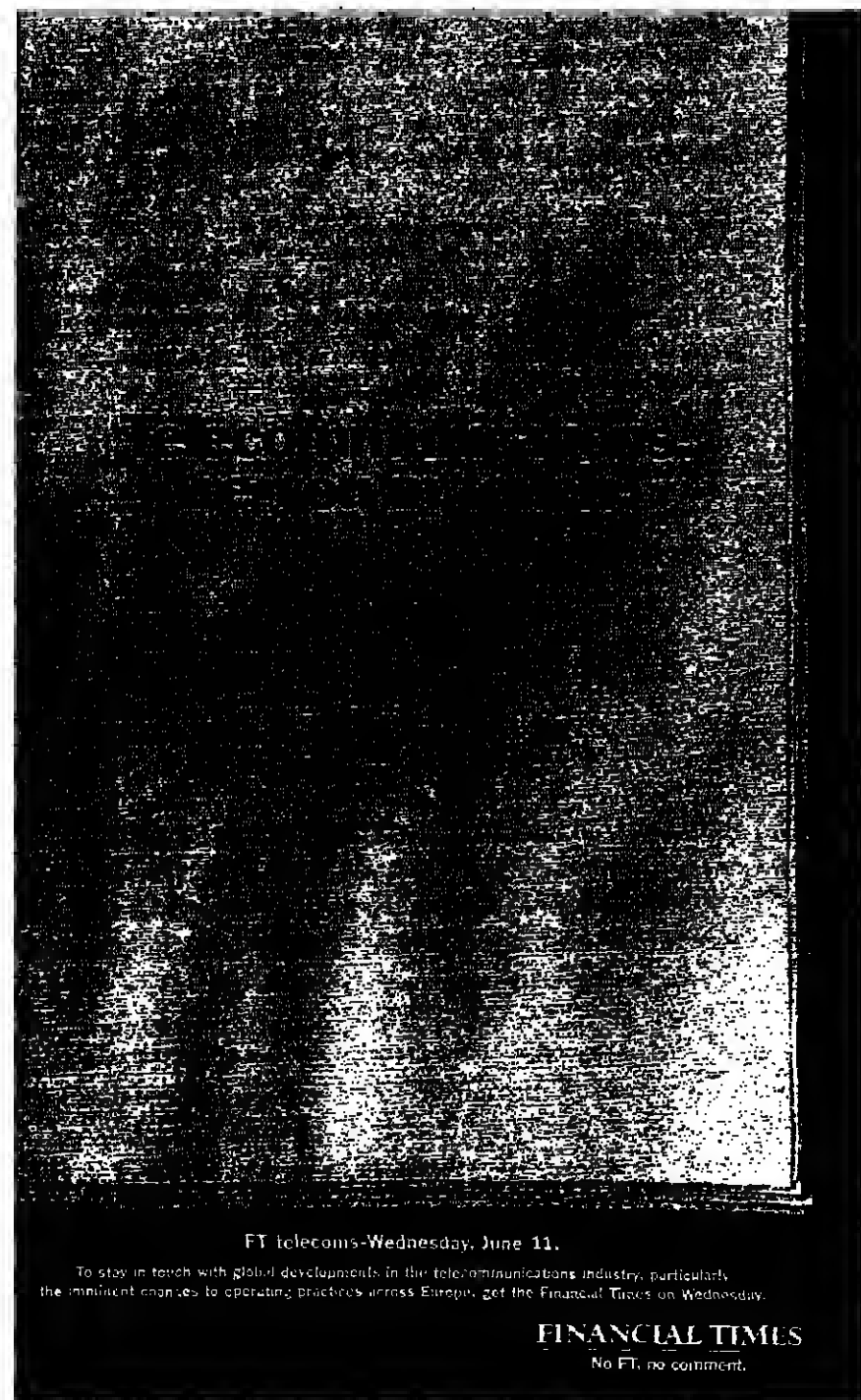
From Mr Kenny Bell.

Sir, You reported ("EU partners puzzle over Blair", May 24/25) on the insistence of the prime minister, Tony Blair, in his first European summit, on flexible labour markets. This fits with the high priority assigned by the new UK government to completion of the single market and its "four freedoms" of movement in goods, services, capital and labour. Unfortunately, these laudable

aims are in direct contradiction to another central plank of Mr Blair's European policy: the retention of border controls. Such controls pose a grave risk to a (flexible) European single labour market, and cannot be justified given present patterns of security, drugs or immigration control. Should the UK wish to sign up eventually to monetary union, the free movement of labour will become even more important, as

an adjustment mechanism in the absence of devaluation or large scale fiscal transfers. It will be a shame if the first Labour government to cast aside trade barriers instead encourages labour protectionism. There are no borders in a single market.

Kenny Bell,
Apdo 836-1007,
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San Jose, Costa Rica



FT telecoms-Wednesday, June 11.

To stay in touch with global developments in the telecommunications industry, particularly the imminent changes to operating practices across Europe, get the Financial Times on Wednesday.

FINANCIAL TIMES
No FT, no comment.

2000/06/07

Woman in the News • Martine Aubry

Madame Emploi gets to work

David Buchan on the jobs challenge facing the number two in the French cabinet

Mrs Martine Aubry expresses her intentions forcefully. "We must roll up our sleeves to create the recovery we want as speedily as possible and to get the country moving again."

The sleeve-rolling image is one that the 46-year-old workaholic, who has become number two in the new French cabinet of Mr Lionel Jospin, used frequently during France's recent election campaign. And it is one which, as "Madame Emploi" - she has pledged to subordinate everything, even to some extent European economic and monetary union, to job creation - she must now turn into reality.

Mrs Aubry's high position in the new government partly reflects Mr Jospin's esteem for her. After he took over the Socialist party in 1995 he offered her the number two slot in the party. She turned it down, claiming insufficient political experience. Her refusal only seems to have heightened the Socialist leader's regard.

But her prominence is also recognition that her massive portfolio will play a big part in the government's

success or failure.

Mrs Aubry takes over responsibility for employment and social security, already combined in the previous government of Mr Alain Juppé, and adds to this the dossier of urban affairs held by a separate minister in the former administration. With only one junior minister (in charge of health) reporting to her, she will have to wrestle almost alone with the task of cutting France's record 12.6 per cent unemployment rate and plugging the financial holes in its welfare system.

She had doubts about accepting the job. She hankered after Bercy, the river-side fortress in eastern Paris that houses the finance ministry, now in the hands of Mr Dominique Strauss-Kahn. With just as wide a remit as Mrs Aubry, Mr Strauss-Kahn now also has industry and trade under his wing. In the end, Mrs Aubry took her sights off Bercy, on the understanding she will play a key role in economic policy-making.

"We will make a very good tandem," she says of Mr Strauss-Kahn and herself. But she makes no bones

about the likelihood that they will tread on each other's turf. "I am just as keen as him [Mr Strauss-Kahn] on overall control of public expenditure and putting public money to good use. Each of us will have competences in the domain of the other."

In a sense, they have already landed each other with promises to keep. As the daughter of Mr Jacques Delors, the chief architect of Europe's single money project, Mrs Aubry is bound to be on the alert for any intentional drifting away by Mr Strauss-Kahn from the Maastricht criteria. As for the latter, it was largely his idea to write into the Socialist campaign platform the promise to create 700,000 posts for France's jobless youth. Views are mixed as to whether or not this tilted the election in the left's favour, but now the battle is won, it is largely up to Mrs Aubry to redeem the pledge.

Mrs Aubry's career equips her for the task. Indeed, one of the reasons for her hesitation this week in accepting her role was that she did not want to be typecast as a narrow employment specialist. In the same way, one of

the doubts about her ability to act as vice-premier during any absence of Mr Jospin was that she has no ministerial experience outside the labour ministry.

It was to this unfashionable ministry that she went after passing out of the elite Ecole Nationale d'Administration in 1975. There she stayed, almost without a break until going to run personnel relations for the Pechiney aluminium group in 1989-91. Out of this relative obscurity she was plucked by then Prime Minister Edith Cresson to be labour minister, a job she lost in the conservative landslide of 1993.

Four years later, however, it is a broader-gauge Mrs Aubry who returns to the labour ministry. "I see this ministry with a new eye, because I think we have learnt the lessons of 1993. We have all - in France like abroad - underestimated the fact we need new remedies to create employment," she says.

She is certainly dismissive of past efforts at unemployment, including her own, which were confined to giving those in the dole queue a *traitement social*, reshuffling

and reclassifying the jobs within the unemployment system. In 1992-93, for instance, Mrs Aubry got the ANPE unemployment offices around the country to interview and place in makeshift jobs no fewer than 1m people who had been out of a job for more than a year, only to find at a time of deepening recession that another 1m people had fallen into the category of the long-term unemployed.

But what are the "new remedies"? It is still impossible to extract from the new government where precisely its 700,000 jobs are going to come from - except that half will be in the public sector, working on five-year contracts and paid the minimum wage funded largely by retargeting existing job subsidies, and the other half will move into private sector jobs mostly as a result of a reduction in working time.

Yet, Mrs Aubry gives a clue. In the public sector, she sees a mass of needs in health, education, housing, the environment for young people to fill. More novel, however, would be application at the national level of the job partnership schemes

with private companies she has developed since 1993 through her Agir (To Act) foundation. With members such as Mr Claude Bébér of Axa insurance and Mr Antoine Guichard of Casino supermarkets, Agir has focused, with some success, on wooing companies back into urban blackspots.

More than its precise details, the importance of the Agir experience is that Mrs Aubry returns to the labour ministry with practical knowledge of France's jobs problem, coupled with her experience as deputy mayor and MP in Lille, and a network of business friends. One of this is Mr Jean Gandois, who hired her at Pechiney, was an Agir member, and now heads the Patronat employers federation.

Mrs Nicole Notat, leader of the largest union federation, the CFDT, could be added to this network. She is extremely close to Mr Delors and his moderate brand of socialism. One of the bravest figures in French politics, risking sometimes physical violence from union malcontents, Mrs Notat has been a fighter for health reform and for



workers to be paid a little less for working less so as to safeguard their companies' competitiveness and capacity to hire more people. By drawing allies and

friends like these from business and unions into a new new jobs partnership, Mrs Aubry could make a real difference second time around as labour minister.

Rivals line up for Fifa presidency

Jimmy Burns and Patrick Harverson on the contest for the top job in world football

A year from now Mr Joao Havelange is due to step down as president of Fifa, the world governing body of football, after 24 years in the job. Already the candidates are jostling for position to succeed the 81-year-old Brazilian. The most powerful and controversial position in sport is at stake, one which affords its occupant the political influence of an emperor.

Under Mr Havelange Fifa has grown from a modestly sized sporting institution to a global organisation wielding considerable power on the international stage. It is comparable to a fast-expanding and successful multinational corporation.

At one level the job of president involves nurturing the interests of players, referees and fans the world over, and caring for rules and regulations. At another level the president has the challenge of exploiting the business opportunities afforded to the world's most popular sport.

The political and commercial pressures require a combination of statesmanlike and entrepreneurial skills. The new president will be expected to respond to growing calls for a more democratic and transparent regime. Mr Havelange's autocratic style and habit of manipulating Fifa's pyramid of internal committees - hand-picking members to strengthen his power base - has been increasingly criticised by members of the ruling executive committee and the national interests backing him.

Whoever succeeds Mr Havelange will face a complex agenda. This includes the need to control the commercial interests that threaten to dictate the sport's future, to limit the increasingly intrusive role of television,



Compromise candidate: Sepp Blatter (left) could replace his boss Joao Havelange if the votes for other rivals are polarised

to meet the demands of football's emerging nations - such as China and the US - and to tackle the growing power of players and their agents.

Mr Lennart Johansson, the president of Uefa, European football's governing body, is the firm favourite to ascend to Mr Havelange's throne. As the only declared candidate, the portly 67-year-old Swede has a head start on any rivals and has been lobbying hard.

As a vice-president of Fifa and head of the richest and politically most powerful bloc in the organisation, he has been criticised for being biased to European interests.

Some say Mr Johansson can sometimes undermine his qualities with a lack of resolve. "He is a very solid, fair guy but he sometimes stands on the edge and needs someone else to push him into a decision," says Mr Paul Smith, a senior executive with IMG, the

sports marketing organisation.

Mr Johansson blotted his copybook last year when in a Swedish newspaper interview he referred to Africans as "blackies". In spite of his apology, the incident damaged his standing in Africa, which shares with Europe the largest voting bloc in Fifa. Yet his tactical alliance with the African confederation appears to have survived.

His criticism of Mr Havelange and authorship of a generally well-received manifesto for football's future should stand him in good stead, as will his commercial acumen, displayed in helping develop the lucrative Uefa Champions League. Mr David Will, a Scottish vice-president of Fifa, says there is unanimous support for the Swede in Uefa. "If you look around the world there are very few people with his level of experience for dealing with Fifa. I will be supporting him 100 per cent," says Mr Will. The head of one of the four



UK football associations agrees that Mr Johansson is Uefa's favoured choice. "There will be unity in Europe because there is a general feeling that it is time for a European president of Fifa," he says.

If Europe does not provide the next Fifa president, Africa looks to be its nearest rival. Mr Issa Hayatou, the Cameroonian president of the African confederation, is regarded as another potential successor.

Under his stewardship, African football has come on in leaps and bounds, providing compelling performances in the World Cup finals, and Nigeria's Olympic gold medal last year in Atlanta. The 50-year-old Mr Hayatou has demonstrated his diplomatic skills by balancing the interests of Africa's vastly divergent footballing constituencies, and launching an African Champions League, modelled on the European equivalent, has earned him the gratitude of the continent's top professional clubs.

There is no guarantee, however, that Mr Hayatou will stand for the presidency next year, and there is speculation that he may support Mr Johansson, on the understanding that he takes over early next century.

The Far East, like Africa, has been finding its voice in the football world and Mr Chung Mong Joon, president of the South Korea Football Association, may emerge as the region's candidate.

The 45-year-old Mr Chung - a pivotal figure in his country's successful bid for the 2002 World Cup, to be jointly hosted with Japan, and a member of the Hyundai business dynasty - would be a credible Fifa chief. But allies say he is focusing on domestic politics and his aim to be president of his country.

If no candidate emerges with a clear majority of the votes, a compromise choice could be Mr Joseph "Sepp" Blatter, Fifa's general secretary. Effectively Mr Havelange's sergeant-at-arms at the organisation's Zurich

headquarters, Mr Blatter knows more about running world football than anyone.

In 1994, before the Fifa congress in Chicago, the 61-year-old Swiss discreetly canvassed for support to succeed Mr Havelange. The move was premature, however, and upset the sitting president, who carried out an internal purge.

The debacle was regarded as a setback for Mr Blatter, and his only chance of becoming president next year is probably if the voting is polarised and a campaign emerges for continuity rather than reform.

There are few other likely contenders. Bank outsiders include 65-year-old Mr Julio Grondona, the Argentine football federation president and senior Fifa official, but it is highly unlikely that the presidency would go to another Latin American.

Outside the Fifa structure a former star player could find himself chosen as a symbol of the campaign for a more democratic organisation. The great Brazilian Pele, the former German international Franz Beckenbauer and France's legendary midfielder Michel Platini - who is organising the 1998 World Cup - would fit the bill, but they are likely to remain on the substitutes' bench. Their time may come.

It is not impossible that Mr Havelange will try to extend his presidency for two years. There is some support in Fifa for the idea of moving the start of the president's term to between World Cups, to minimise disruption.

Even at this late stage, some Fifa insiders are suggesting that Mr Havelange harbours a secret ambition to spike Mr Johansson's chances. But it remains likely that next year Fifa will blow the final whistle on the Brazilian's reign.

Squeeze on squeeze

Nicholas Timmins on public spending areas where the UK chancellor might find savings

Any ministerial doubts that Mr Gordon Brown, the UK chancellor of the exchequer, is serious about changing spending priorities have been dispelled.

Letters have gone to all government departments detailing plans for a root-and-branch examination of what the government spends and why. It will seek to pinpoint areas where the state no longer needs to spend, or where it could spend better.

Departments are being told to conduct their own reviews while the Treasury runs a parallel exercise across departments. It is, says one Treasury minister, "like a new management coming into a business. We are asking what is it for? where is it going? and how can we do it better?"

Labour has shackled itself to the previous government's tight spending plans for the next two years. Yet it has also pledged to increase the share of gross domestic product going to specific areas such as education. Its success in squaring this circle by reshaping its priorities without raising overall spending may be crucial to its chances of re-election in five years. It needs to demonstrate that Labour really has made a difference without big tax increases.

To this end, departments are being told to make savings from "low priority areas" to switch to "frontline services". The test of whether services should be provided publicly or privately is to be what is thought to work best.

This opens the route for further asset disposals. The national air traffic control system and parts of the radio spectrum could be on the block. Then there is rationalisation of the £122bn worth of public estate - from government properties in almost every town to land owned by the Ministry of Defence. Several billion pounds might be raised.

Selling remaining assets is one thing, reshaping spending priorities is another. There are few government activities where "people are really prepared to say they no longer want the state to perform," says one experienced Whitehall hand.

This is largely because government spending has been markedly refashioned in the past 18 years. In 1979 health, education and social security spending - the big three welfare state programmes - took less than half of public expenditure. Today, they account for more than 60 per cent, with that share still rising. Ministers want to restructure welfare by getting the unemployed and at least some lone parents back to work. But initially that will cost money, not save it.

The one area where government will try to cut is by

substituting loans for the remaining maintenance grant for students in higher education. This could release £1.2bn a year.

The question then is what to spend it on. There are plenty of candidates. The first claim will come from the overstretched universities, desperate for extra cash to handle an explosion in student numbers. But powerful voices will say it should go into school and pre-school education, while others argue it should be spent on child care to get lone parents into work. If the universities do not get the money, students may have to start contributing to fees.

Beyond this, short-term changes are hard to identify. A defence review might yield substantial savings, but only if the government is prepared radically to recast Britain's international commitments.

One certain target is the law and order budget, the only programme that has grown as fast in percentage terms as social security since 1979. Spending in this area now rivals direct expenditure on housing and social services combined.

In social security a further shift towards second pensions funded in the private sector is on the cards. Public spending savings would result, but only in the distant future. Welfare-to-work may - but only may - produce more rapid results.

At health, low-priority spending is likely to prove particularly hard to identify - beyond the perennial drive for greater efficiency and the abandonment of unproven treatments. The department is already dusting off a plan drawn up in 1993 to make the elderly and children - with low-income exemptions - pay prescription charges.

The last time there was a major spending review, in 1993, Sir Clive Whitmore, then permanent secretary at the Home Office, told MPs it "did not result in any major savings, or in any decision to drop or significantly reduce the functions being carried out".

Labour may do what the Conservatives did. Mr Brown is demanding proposals by this time next year and is refusing to have a conventional public spending round this year. That, it is hoped, will concentrate minds and free officials for the task.

It will still be hard going. But determined governments can reshape spending. In the years after 1979 Baroness Thatcher forced defence expenditure up by a third and slashed housing investment by half. Even those changes took more than a single parliament to achieve. Labour's attempt to genuinely reshape priorities may well take just as long.

Alice Rawsthorn on the growing popularity - and profitability - of summer pop festivals

The gathering of the tribes

If all goes well, and the sun shines, thousands of music fans will converge on London's Finsbury Park this afternoon to watch Van Morrison perform at the Fleadh festival.

Some of them will head off to Glastonbury later this month to catch the Prodigy and Radiohead. They might squeeze in a few more weekend festivals before late August, when Beck and the Manic Street Preachers play at Reading.

The British festival circuit dates back to the original "summers of love" in the late 1960s, but is now a bastion of 1990s youth culture. It has even spawned a copycat scene in touring festivals. Horde and Lollapalooza, which trek around the US each summer.

Festivals have become a lucrative business for their organisers, and an important part of record companies' marketing strategies.

The blend of hedonism and commercialism which characterises the British scene is illustrated by the contrasting characters of the two men who control it: Mr Michael

Eavis, the Somerset dairy farmer who donates the profits from Glastonbury to charity; and Mr Vince Power, a former second-hand furniture dealer whose Mean Fiddler Organisation has become a successful entertainment group.

Glastonbury began in 1970 when Mr Eavis sneaked through a hedge to watch Led Zeppelin play at the Bath Blues Festival a few miles from his farm. He staged his own festival later that summer. A few hundred hippies paid £1 for their tickets. Mr Eavis was left with a £1,500 loss after paying the bills, including a £500 fee for T-Rex, the headlining act.

Glastonbury continued fitfully through the 1970s and 1980s, but took on a new lease of life at the turn of the 1990s as a fulcrum of the rave scene. The 100,000 tickets for this summer's event sold out within days, even before the line-up was published.

Glastonbury's revival prompted Mr Power to take charge of the troubled Reading Festival in 1990. Reading was then associated with head-banging rock bands and Mr

Power, who owned three London nightclubs, decided to rejuvenate it.

The Mean Fiddler has since launched other events including the Fleadh and "In The Park" at Finsbury Park, the Phoenix Festival near Stratford-on-Avon, and Tribal Gathering in Oxfordshire.

Mr Power says he organises them "for fun". But, unlike the proudly independent Glastonbury, the Mean Fiddler's events are subsidised by commercial sponsors, such as Guinness, which is backing today's Fleadh.

Festivals provided nearly half Mean Fiddler's pre-tax profits of £411,393 and £13m turnover in the 18 months to December 31 1996. Mr Power, the sole shareholder, says last year's profits were even higher, on turnover of £23m.

Reading, rather than Glastonbury, was the inspiration for the US festival circuit. Mr Marc Geiger, a US record executive, and Mr Stephen Perkins of the band Jane's Addiction were so impressed by the 1990 event that they arranged for half-a-dozen bands to take part

in the first Lollapalooza tour in 1991.

The rival Horde tour was founded in 1992. Last year it sold \$18.1m-worth of tickets, according to Pollstar, the US trade magazine, against Lollapalooza's \$15.9m. The two festivals kick off again this summer, and Mr Power is taking the Fleadh to New York next week, and as a precursor to staging a US version of Tribal Gathering next year.

For record companies, the festival season sparks frantic jostling to ensure their acts get the best billing at the most prestigious events. "Festivals are a great way to introduce a band to a wider audience, and the media," says Mr Gary Parrow, vice-president of communications at Sony Music. "Then they get exposure in follow-up articles and reviews."

Sony is convinced that the Manic Street Preachers benefited from playing at last summer's festivals while promoting their *Design For Life* album, which subsequently won a string of awards. Similarly, Pulp's career was bolstered the previous year by an appearance at Glastonbury before the release of its *Different Class* album.

"Pulp weren't a big act then, but the single, *Common People*, had just come out," recalls Mr Marc Marrot, managing director of Island Records, Pulp's label. "Seeing 75,000 people singing along to it made the media realise that Pulp had arrived."

Festivals are also cost-effective. Typically, record companies spend £20,000 to subsidise conventional 10-date tours by a promising act, which will be seen by 15,000 people. "That means you're paying £1.33 for each person," says Mr Marrot, "whereas most festivals pay the band."

Festival organisers complain that bands charge too much money and that the plethora of festivals has made the market more competitive. Glastonbury apart, advance ticket sales have been slow this year.

"Business is slower," says Mr Power. "But Tribal Gathering sold out a few weeks ago, and Reading will sell out. Just wait and see."

Coffee futures drop 32% in week

MARKETS REPORT

By Gary Mead

Coffee futures were hit again yesterday on the London International Financial Futures Exchange, the July future for robusta closing \$30 down, at \$1,815 a tonne.

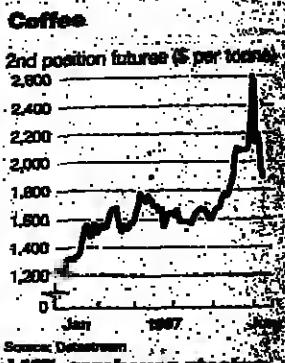
Some traders felt that yesterday's further retreat - representing a fall of 32 per cent for the whole week - could be extended into next week.

News that Colombia is allowing unrestricted coffee sales for July and August, and the prospect of continued mild weather in Brazil, did their bit to turn the market bearish. On the Coffee, Sugar and Cocoa Exchange in New York the July contract for arabica coffee firmed slightly in early trading, up 5.50 cents to 236 cents a pound.

Palladium was again a focus of attention, with the "fix" in London yesterday afternoon for the precious metal being \$240 a troy ounce, \$30 up and the highest price since March 1990, amid continuing delays in the release of Russian exports of palladium and platinum.

In the middle of the week the precious metals market was swept with rumours of hedge funds building up palladium stocks and of possible defaults. These were based on a surge in one-month lease rates for palladium to more than 300 per cent in the middle of the week, compared with the 2-3 per cent seen in normal conditions.

However, market-making members of the London Plat-



2nd position futures (\$ per tonne)

Source: International Financial Futures Exchange

innum & Palladium Market Association have now denied the default rumours.

Of more immediate concern is the squeeze on physical delivery of both palladium and platinum.

Yesterday Mr Ralf Drieselmann, head of precious metals trading with Degussa, a German catalytic converter producer, warned that his company might have to cut production in the next three to four weeks if metal did not soon start coming on to the market. Degussa produces 15-25 per cent of the world's catalytic converters and other platinum-using devices.

On the London Metal Exchange base metals traded sluggishly, with the price for three-month copper up a mere \$6 to \$2,487 a tonne and only nickel showing much vigour, ending \$70 up at \$7,310 a tonne.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM 99.7% (per tonne)

	Settle	High	Low	Open
Close	1572-73	1598-97		
Previous	1578-79	1598-97		
High/Low	1584-85	1598-97		
AM Official	1584-85	1598-97		
Karb close	1584-85	1598-97		
Open Int.	281,024			
Total daily turnover	82,742			

ALUMINIUM ALLOY 5 (per tonne)

	Settle	High	Low	Open
Close	1572-73	1598-97		
Previous	1480-85	1484-85		
High/Low	1478-83	1484-85		
AM Official	1442-45	1484-85		
Karb close	1442-45	1484-85		
Open Int.	5,294			
Total daily turnover	1,744			

LEAD (per tonne)

	Settle	High	Low	Open
Close	632-5-5	645-5		
Previous	621-5-5	635-5		
High/Low	627-55	647-57		
AM Official	628-5-5	641-2		
Karb close	628-5-5	641-2		
Open Int.	5,378			
Total daily turnover	9,774			

NICKEL (per tonne)

	Settle	High	Low	Open
Close	7225-05	7330-40		
Previous	7110-15	7220-25		
High/Low	7150-57	7280-50		
AM Official	7150-57	7280-50		
Karb close	7150-57	7280-50		
Open Int.	53,312			
Total daily turnover	10,222			

TIN (per tonne)

	Settle	High	Low	Open
Close	5705-15	5730-40		
Previous	5605-15	5640-50		
High/Low	5670-50	5730-40		
AM Official	5720-30	5770-50		
Karb close	5720-30	5770-50		
Open Int.	16,328			
Total daily turnover	6,802			

ZINC (per tonne)

	Settle	High	Low	Open
Close	1347-45-5	1371-72		
Previous	1345-47	1360-50		
High/Low	1345-47	1371-72		
AM Official	1345-47	1371-72		
Karb close	1345-47	1371-72		
Open Int.	94,860			
Total daily turnover	18,491			

COPPER (per tonne)

	Settle	High	Low	Open
Close	2480-62	2496-67		
Previous	2480-62	2475-70		
High/Low	2480-62	2496-67		
AM Official	2480-62	2496-67		
Karb close	2480-62	2496-67		
Open Int.	138,087			
Total daily turnover	33,393			

LIQUEFIED NATURAL GAS (per tonne)

	Settle	High	Low	Open
Close	117.00	117.00	115.00	115.00
Previous	117.00	117.00	115.00	115.00
High/Low	117.00	117.00	115.00	115.00
AM Official	117.00	117.00	115.00	115.00
Karb close	117.00	117.00	115.00	115.00
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LIQUEFIED NATURAL GAS (per tonne)

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(DIFFER Ltr 200 to 100ths of 100%)	

UNIT TRUSTS

WINNERS AND LOSERS

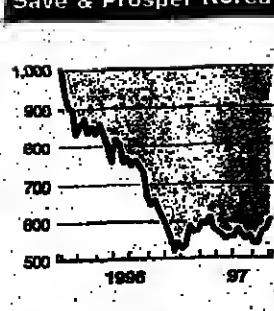
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,556
Invesco Hong Kong & Chi	1,471
Abnvest Frontier Markets	1,364
Govett Greater China	1,342
Johnson Fry Slater Growth	1,309

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	402
Save & Prosper Korea	539
Schroder South	605
F&G Japanese Smaller Cos	617

Save & Prosper Korea



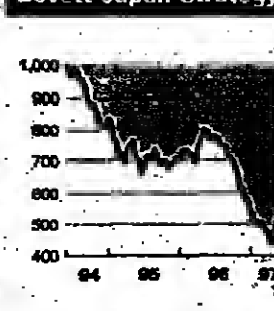
TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,158
Proflite Technology	2,125
PM North America Growth	2,117
Framlington Health	2,029
Johnson Fry Slater Growth	2,010

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	464
Old Mutual Thailand Acc	467
Fidelity Japan Smaller Cos	538
Govett Japan Strategy	542
Five Arrows Japan Smaller Cos	548

Govett Japan Strategy



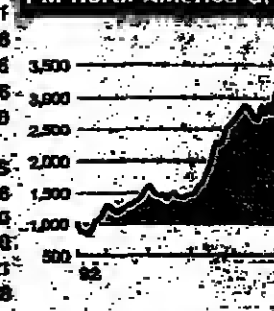
TOP FIVE OVER 5 YEARS

Govett Greater China	3,631
HSBC Hong Kong Growth	3,626
Proflite Technology	3,476
PM North America Growth	3,316
Mercury East & Southeast	3,280

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	946
Proflite Technology	950
Fidelity Japan Smaller Cos	1,016
Fidelity Japan Smaller Cos	1,021
M&G Japan & General Acc	1,035

PM North America Growth



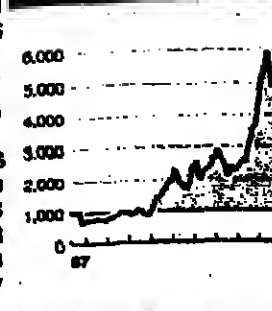
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,751
F&G US Small Companies	6,325
Hill Samuel US Smaller Cos	6,211
Gartmore Hong Kong	6,211
Framlington Health	5,176

BOTTOM FIVE OVER 10 YEARS

Waverley Australian Gold	459
Barclays Uni Japan Inc	536
Mercury Japan	608
M&G Japan & General Acc	724
Henderson Japan Smaller Cos	807

Framlington Health



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

Average Unit Trust	1029	1270	1818	2272	3.2	2.5
Average Investment Trust	1109	1303	2001	2731	4.5	4.9
Bank	3036	1112	1209	1838	0.0	4.3
Building Society	1031	1111	1215	1846	0.0	4.9
Stockmarket FTSE All-Share	1776	1578	1982	2731	2.5	3.6
Indexation	1024	1064	1129	1534	0.4	0.4

UK Growth

Johnson Fry Slater Growth	1309	2010	2385	-	3.3	0.9
Jupiter UK Growth	1060	1820	2720	-	2.9	1.8
Perpetual UK Growth	1129	1734	2472	-	2.5	2.5
Credit Suisse Fellowship Inc	970	1671	-	-	2.8	1.1
Perpetual UK Growth	1109	1635	2090	-	2.4	2.3
SECTOR AVERAGE	1074	1418	1778	2065	2.8	1.8

UK Growth & Income

Fleming Select UK Income	1236	1674	2011	2429	2.7	3.6
Perpetual Income	1180	1663	2224	2786	2.4	2.7
Co-op Piers Equity Div	1180	1606	1855	-	2.8	3.1
Lazard UK Income & Growth	1122	1603	1904	2418	2.8	3.3
Fidelity UK Dividend Growth	1098	1679	-	-	2.4	2.2
SECTOR AVERAGE	1107	1417	1732	2253	2.7	2.8

UK Smaller Companies

Laurence Keen Smaller Cos	1048	1790	-	-	3.0	1.2
Gartmore UK Smaller Companies	1118	1761	2254	2051	3.4	0.3
INVESTCO UK Smaller Companies	1096	1714	2346	1987	3.8	1.2
AES Smaller Companies	997	1692	2004	-	3.1	0.8
Britannia Smaller Co's Acc	1084	1684	2442	2222	3.2	0.4
SECTOR AVERAGE	998	1297	1790	1795	3.0	1.5

UK Equity Income

Jupiter Income	1104	1845	3011	-	2.7	4.0
Lazard UK Income	1120	1625	2057	2881	2.5	4.1
Britannia High Yield Inc	1102	1592	2081	2943	2.4	4.0
Royal Life High Income (Dis)	1142	1548	1896	2168	2.5	3.8
BWD UK Equity Income	1188	1535	1945	2461	2.8	3.4
SECTOR AVERAGE	1084	1378	1765	2280	2.8	4.4

UK Equity & Bond Income

Cazenove UK Equity & Bond	1082	1429	-	-	3.0	6.1
Cler Med Retirement Income Inc	1113	1405	1760	-	2.8	5.4
Proflite Extra Income	1048	1378	1700	2107	2.2	4.3
CIS UK Income	1128	1368	1710	-	2.2	4.1
Edinburgh High Distribution	1088	1353	1590	1780	2.7	4.1
SECTOR AVERAGE	1073	1290	1616	1928	2.4	5.3

UK Eq & Bd

BWD Balanced Portfolio	1138	1600	2210	-	3.0	1.4
Perpetual High Income	1132	1541	2184	-	2.0	3.2
Credit Suisse High Income Port	1093	1468	2008	-	2.4	4.3
Canlife Income Div	1111	1419	1724	2035	2.0	3.4
Henry Cooke Balanced	1049	1404	-	-	1.7	2.7
SECTOR AVERAGE	1086	1380	1813	2182	2.3	3.1

UK Fixed Interest

M&G Corporate Bond	1188	1365	-	-	1.8	6.9
Abnvest Fixed Interest	1112	1313	1852	2466	1.7	8.0
Thomson Preference Inc	1085	1312	1707	2296	1.8	8.3
Britannia Gilt & Fixed Int	1087	1283	1871	-	1.8	8.1
Barclays Uni Gilt & Fixed Int	1093	1277	1488	2055	1.5	7.8
SECTOR AVERAGE	1077	1233	1471	1988	1.7	8.7

UK Gilt

M&G Gilt & Fixed Interest	1146	1338	1486	1904	1.9	6.4
Gartmore PS Fixed Interest	1122	1284	1447	-	1.8	7.1
Murray Acumen Reserve	1107	1283	1433	-	1.4	6.7
Midland Gilt & Fixed Interest	1089	1250	1405	1823	1.3	6.4
Schroder Gilt & Fixed Int Acc	1074	1248	1388	-	1.8	7.0
SECTOR AVERAGE	1067	1201	1380	1904	1.5	6.9

International Equity Income

Martin Currie Int'l Income	1089	1365	1887	-	2.8	3.3
GT International Income Inc	1087	1361	2068	2607	2.5	2.4
Dolphin Int'l Gilt & Income	1046	1334	1859	1844	2.8	1.4
Mayflower Global Income	1081	1307	1836	2142	2.3	3.5
M&G International Income	1073	1288	1890	2562	2.3	4.2
SECTOR AVERAGE	1071	1278	1835	2140	2.5	3.0

International Fixed Interest

Baring Global Bond	1040	1249	1632	-	1.5	6.2
Barclays Uni European Bond Inc	1057	1213	-	-	1.1	5.9
Old Mutual Worldwide Bond Inc	1015	1207	1472	-	1.8	5.0
Mercury Global Bond Acc	988	1198	1484	-	1.6	4.8
TSB International Income Inc	983	1158	1389	-	1.6	4.7
SECTOR AVERAGE	999	1080	1370	1561	1.9	5.3

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1088	1448	1951	-	2.0	2.4
Fleming General Opportunities	1124	1363	1898	-	2.5	3.2
Cazenove Portfolio	1028	1360	1841	-	1.9	2.1
NPI Worldwide Income Inc	1024	1355	1782	-	2.5	1.5
Baillie Gifford Managed	1075	1351	1736	2571	2.3	2.6
SECTOR AVERAGE	1048	1262	1645	2224	2.2	2.4

International

Proflite Technology	855	2125	3478	4605	6.6	-
Framlington Health	820	2029	2990	5178	7.2	-
Save & Prosper Financial Secs	1282	1874	2907	3395	5.0	1.4
Save & Prosper Growth	1219	1688	2649	3187	2.7	1.8
Hill Samuel Financial	1231	1584	2388	3036	2.8	1.3
SECTOR AVERAGE	1036	1249	1886	2246	3.3	1.0

Nth America

Hill Samuel US Smaller Cos	958	2158	3005	6211	5.8	-
PM North America Growth	1089	2117	3318	4532	4.5	0.1
Edinburgh North American	1123	1914	3129	3590	3.6	0.8
Martin Currie North America	1147	1823	2677	3159	3.6	0.0
Fidelity American Spec Sits	1003	1822	2394	3412	4.8	-
SECTOR AVERAGE	1046	1635	2334	3056	4.1	0.5

Europe

Jupiter European	1164	1954	3159	-	3.3	0.2
Baring Europe Select	1115	1831	2799	3068	3.7	0.8
Friends Prov European Gth	1156	1790	2460	-	2.7	-
Allied Dunbar European Growth	1128	1749	2629	2934	3.7	0.1
Gartmore European Sel Opps	1128	1730	2786	3298	2.8	-
SECTOR AVERAGE	1098	1430	2096	2763	3.0	0.7

Japan

GT Japan Growth	854	987	1585	1394	3.6	-
Martin Currie Japan	813	948	1802	-	5.3	-
Schroder Tokyo Inc	813	910	1618	2130	5.0	-
Hill Samuel Japan Technology	854	909	1747	2076	3.8	-
Henderson Exempt Japan	871	902	1696	1080	5.2	-
SECTOR AVERAGE	803	744	1357	1176	5.3	0.2

Far East inc Japan

Govett Greater China	1342	1363	2743	3377	4.7	-
Martin Currie Far East	1013	1085	1857	2180	4.8	0.2
Abnvest Pacific	925	1032	2131	2133	4.3	0.3
Schroder Far East Growth Inc	807	1050	2251	-	4.3	-
United Fidelity Far Eastern	876	1035	1736	-	3.7	0.5
SECTOR AVERAGE	921	961	1830	2083	4.2	0.6

Far East exc Japan

HSBC Hong Kong Growth	1596	1858	3628	6751	6.7	0.8
INVESTCO Hong Kong & China	1471	1578	2632	4021	6.5	0.4
GT Orient Acc	1110	1465	3076	-	5.7	0.1
Old Mutual Hong Kong	1261	1454	2659	4834	6.7	0.7
Gartmore Hong Kong	1299	1416	2649	6211	6.3	0.7
SECTOR AVERAGE	968	1084	2167	3589	5.4	0.7

Best Peps

Johnson Fry Slater Growth	1309	2010	2385	-	3.3	0.9
Jupiter European	1164	1954	3159	-	3.3	0.2
Save & Prosper Financial Secs	1282	1874	2907	-	5.0	1.4
Jupiter Income	1104	1845	3011	-	2.7	4.0
Jupiter UK Growth	1060	1820	2720	-	2.9	1.8
AVERAGE UT PEP	1070	1372	1823	-	2.7	2.8

Comm & En

M&G Australian & General Acc	1078	1346	2204	1630	5.0	1.7
M&G Commodity & General	988	1194	1984	2087	4.8	0.5
Save & Prosper Commodity	806	1075	1782	1911	5.7	-
Allied Dunbar Metals Min Comm	811	985	1292	1368	4.7	0.2
Hill Samuel Natural Resources	782	979	1542	1528	4.7	0.8
SECTOR AVERAGE	782	995	2089	1437	6.0	0.7

Money Mkt

M&G Treasury	1046	1142	-	-	0.1	8.0
Midland Money Market	1045	1141	1248	-	0.2	5.3
Newton Cash Acc	1044	1140	1250	-	0.2	5.3
CU Deposit	1043	1137	1249	-	0.0	5.7
Scott Equitable Cash	1047	1136	1248	-	0.1	5.8
SECTOR AVERAGE	1039	1128	1231	-	0.2	5.4

Investment Trust Units

Quilter Investment Trusts Inc	1039	1338	2149	-	3.2	0.6
Quilter High Inc Inv Trst Acc	1116	1287	2227	-	2.8	3.3
M&G Fund of Investment Trusts	1039	1270	1954	2636	3.2	1.2
Equitable Trust of Invest Trs	1039	1269	2051	2875	2.8	1.3
Exeter Fund of Investment Trs	1019	1240	2051	-	2.9	0

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Series 22 Treasury I

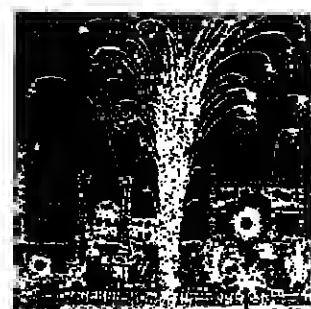
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Television mugging

'Friends started ringing. The Bakers felt sure their neighbours were wondering if they had been up to no good'



Summer festivals guide

'The festival ideal is to combine the best of the performing arts with scenic splendour and local colour'



Go the distance

'It's a fickle game, this. You're dealing with flesh and blood. Horses are delicate creatures'

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The stealing of the past, and robbing of the future

Nikki Tait on the story which has divided Australia and caused it to question the whole concept of national identity

"We are the quiet daybreak peeling the dark lagoon. We are the shadow-ghosts creeping back as the camp fires burn low. We are nature and the past, all the old ways gone now and scattered."

Not quite. Thirty years ago, Oodgeroo Noonuccal - also known as Kath Walker and Australia's first published Aboriginal poet - may have been pessimistic about the future of the indigenous population. Now, "white" Australia is haunted by the shadow-ghosts, and is struggling with its nature, its past and its future.

A report detailing the experiences of Aboriginal children forcibly removed from families, a practice which continued from the first days of European settlement through the early-1970s, has caused many Australians to contemplate the not-so-distant past. What they have been forced to confront is a harrowing episode in what was hitherto tagged "the lucky country" at the time.

For 700 pages, the Human Rights Commission report details how forcible separations were common across Australia, in different guises and under different laws. Ten of thousands of Aboriginal families were broken up in the name of absorption or assimilation. Precise figures are hard to gauge, but between one in three and one in 10 indigenous children may have been affected, the commission calculates.

It is left to individuals involved to explain the damage. "I guess the government didn't mean it as something bad, but our mothers weren't treated as people having feelings," says one South Australian, reunited with her mother in 1968, after 32 years.

"When me and my little family stood there - my husband and me and my two little children - there wasn't a word we could say to each other. All the years you wanted to ask this and ask that. There was no way we could ever regain that. It was like someone came and stabbed me with a knife."

Such practices were by no means unique to Australia; the report itself touches on the relocation of Inuit people in the Arctic, during the 1930s, for example. Nor were they necessarily ill-intentioned. But for a young, well-oiling country, naturally inclined to optimism, but with few unifying symbols, the first full account of the "stolen generation" has

made a searing impression. Within days of publication, the initial print-run sold out. Hundreds of callers besieged the commission. John Howard, Australia's prime minister, described the findings as shocking. Kim Beazley, the opposition leader, came close to tears when he addressed the subject in federal parliament. Another local politician bluntly put the central question posed by the report: "How can I ever come to terms with my culture, which allowed such partings?"

This resonance, and the emotion and the confusion, owe something to timing. The report tells much about national identity - and that is already under acute, agonised scrutiny. "The past is never fully gone," Sir William Deane, the country's governor-general, observed. "It is absorbed into the present and the future. It stays to shape what we are and what we do."

That same observation could certainly be applied to

The virulent 'race' debate has consumed the media for months

Australia's virulent "race" debate, which has consumed both local and regional media for the best part of a year. Here, the focal point is Pauline Hanson, who ran a fish-and-chip shop, where she dished out strong opinions, before becoming an independent federal MP.

Unpolished, almost inarticulate at times, she won a seat with an enormous swing in the 1996 national election and went on to warn that Australia was "in danger of being swamped by Asians" in her maiden parliamentary speech.

The former Queensland businesswoman has since formed her own "One Nation" party and, in recent months, toured the country. Thousands have turned out to hear her - provoking equally large protests. Last week, in Newcastle, a gritty steel town north of Sydney, the anti-Hanson demonstrators lined the street 15 deep.

"One Nation - Divided Nation" and "Hanson Go Home" read their placards.

But Hanson would never have mattered so much - either in the eyes of Australians or their nearest neighbours - had the country not pursued a "white Australia"

policy, which discriminated against Asian immigrants, until the late 1960s.

Sure, Australia subsequently embraced "multiculturalism", defined by a former immigration minister as "a respect for cultural diversity with English language at its core". A non-discriminatory immigration policy is firmly endorsed by both main political parties, and, in recent years, about 40 per cent of the migrant intake has come from Asia.

But the zealotry with which politicians have sought to remedy past injustices has caused a portion of the Australian population to lament the loss of an idealised past. Hanson makes the point crudely and emotionally. "I feel like a stranger in my own country," she tells supporters. "This is not the Australia in which we were born."

Why national soul-searching should well up at this point is moot. Economic factors play a part. For the past decade and a half, Australia has turned its face to the world, pulling down tariff barriers, encouraging new trading links and deregulating financial markets. Yet, for many Australians, the net result of this upheaval falls well short of a family remembered nirvana: the 1950s and 1960s, the Australian Dream Time.

Unemployment is relatively high, at almost 9 per cent. Industrial restructuring means that some older manufacturing operations have already vanished to the "cheap labour" countries on Australia's doorstep. Others, such as the car industry, are threatening to leave if tariff reductions continue.

In this, Australia's experience is not markedly different from that of many European countries. But it does have less to fall back on, materially and, perhaps, philosophically. Its main comparative advantage lies in a rich resources base but it lacks the certainty or confidence of the glory days.

A changing political environment has contributed to the angst. For 13 years, from 1983 to 1996, the ruling Labor party laid out a clear strategy. Australia needed to reconcile its past and engage with its closest Asian neighbours - quickly. If older mores suffered, so be it.

"If we hesitate, if we look back and say - well, there is a past on the one hand and, on the other hand, there is a future, and the choice is not exclusive; let us ponder, let us form a committee, let us have a convention, let us listen to what our rump has to say, let us drift - if we do

that, we will lose our chance," said Paul Keating, Australia's former prime minister. He was speaking with conviction during campaigning last year in an election he lost heavily.

Now, the hand on the tiller is less sure. Lip service is paid to free-trade ideals and an international focus, but the new conservative coalition government has yet to nail its colours to the mast. Howard, Keating's successor, declined to criticise Hanson at the outset, saying she was entitled to express her views. More important, he declined to make clear his vision.

The Voltairian stance - "I disapprove of what you say, but I will defend to the death your right to say it" - seemed to be playing to opinion polls. Debate is not unwelcome but, if progress is to be made, thesis and antithesis ultimately need some form of synthesis, and this is where Australia is struggling.

While few would question what is meant by "Australian values" - mateship, egalitarianism or "a fair go", for example - there are few external symbols around which the nation can rally. There is no Statue of Liberty in Sydney harbour. The point is stressed by republicans, who want to sever links to the British monarchy and put in place clearer

national emblems.

"Some nations are able to define their nationhood by their common ethnicity; for example, Denmark and Japan. Australia, as a multi-ethnic settler society, cannot do this. Some nations underpin their nationhood by a common religion, for example, Italy and Israel. Australia, as a home to many religions, cannot do this. Australia, like other settler nations, needs a clearer focus for its national identity," argued Richard Woolcott, a senior diplomat.

So how will the country resolve its dilemma? Political leaders have struggled on almost every front, torn perhaps between personal convictions and the need to keep the electorate onside. Even the "stolen generation" report has been unexpectedly difficult. A simple request for a national apology quickly became stuck in the legal question of whether this might leave the government open to monetary compensation claims.

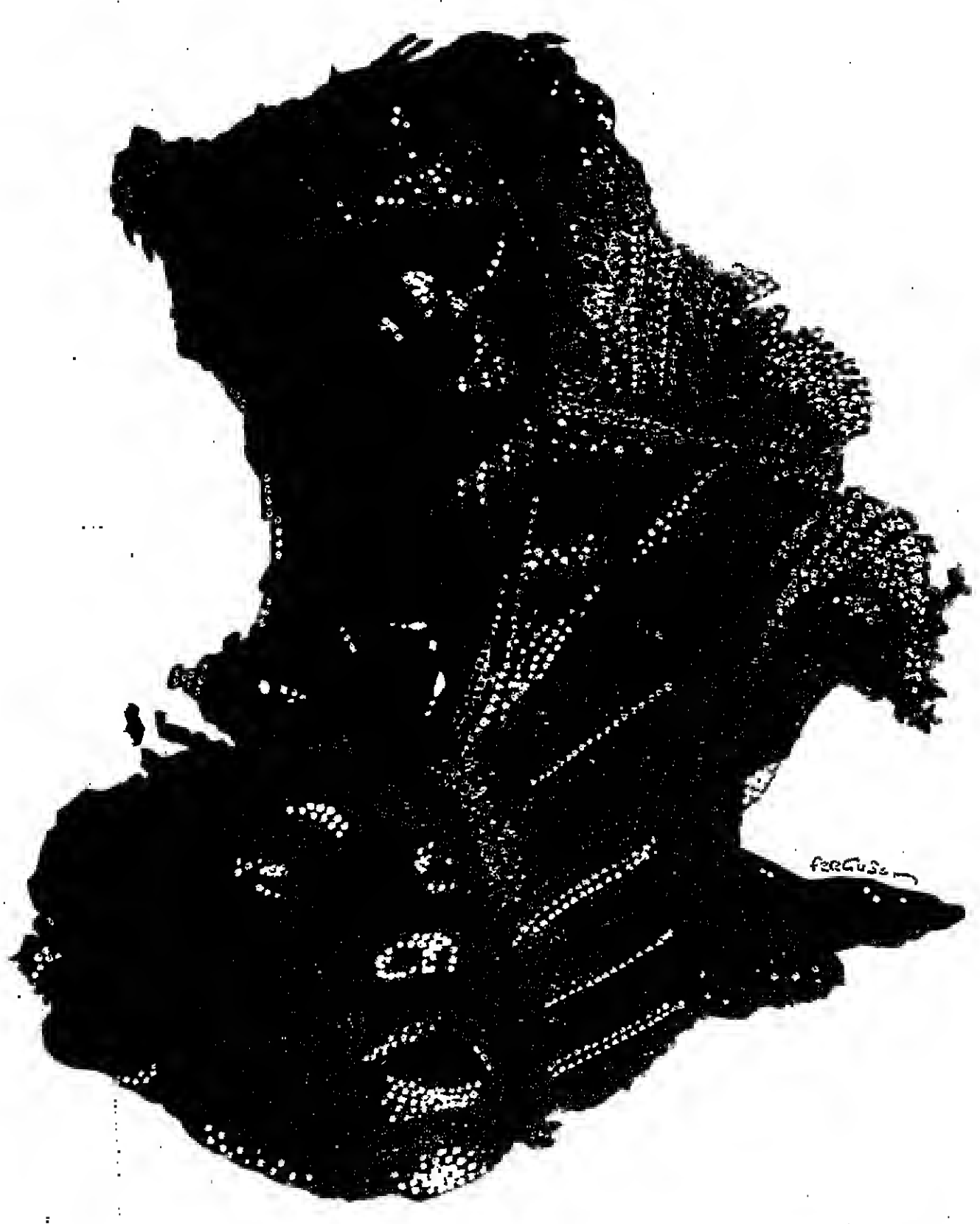
While Howard personally expressed deep sorrow at past practices, he refused to go further. "Australians of this generation should not be required to accept guilt and blame for past actions and policies over which they had no control," was the unsatisfactory conclusion.

In many ways, a stronger lead has been provided out-

side the political forum. On the same issue, Sir William Deane has suggested one means of marrying past and present: simple objectivity. "I am quite unable to understand how any fair-minded person cannot see that the whole of our society reflects Australia's history... In the same way that the nation can be proud of so many things, there are a few things which are matters of national shame."

His thoughts echoed Chris Sidoti, Human Rights Commissioner, who was confident that history was being made as well as confronted. "I'm reluctant to make sweeping historical statements in the middle of events. Nevertheless, I feel we will look back on these last two or three weeks and see them as of great historical significance. The true story needs to be told, our history needs to be known and reflected upon."

This may ultimately prove correct. But opinion polls provide a less rosy assessment. On the issue of whether a national apology to the "stolen generation" should be offered, a recent Newsweek found half those surveyed to be in favour, and half against, reflecting a division that Oodgeroo Noonuccal disagreed with: "Let no one say the past is dead. The past is all about us and within."



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Joe Rogaly
Rod of justice

'Awful, primitive, uncivilised? The Oklahoma bomber faces a media-led lynch mob'

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True Fiction
Justin Cartwright

'Cousin Ray has persuaded me to invest a million in a banana drying plant'

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PERSPECTIVES



Janetta Hamilton-Brown and Chris Robinson of dating agency Only Lunch: 'Those who are married and pretend not to be can think again'

Minding Your Own Business

A date with your fate

Only Lunch is a partnership with love on its mind, says Grania Langdon-Down

Janetta (28, slim, blonde, good sense of humour, classically trained dancer, divorced, two sons of six and four) met Chris (32, tall, brown-haired, witty, divorced, two sons aged 13 and eight) and they fell in love. It was hardly a whirlwind affair - the pair had virtually set up a business together before they set up home together. But it is still a tale worthy of a magazine romance.

It began with telephone calls - lots of them. Janetta Hamilton-Brown was in sales and marketing for the computer company which supplied Message Plus, a message answering service run by Chris Robinson, and the pair got to know each other's voices well.

Over time, the calls spread from pure business to the personal. Hamilton-Brown's marriage was breaking up and she found Robinson, a sympathetic listener. They spoke of the difficulty of meeting new people when they were divorced, had children and were working full time.

"Chris said he had thought of joining a dating agency. I told him not to be ridiculous - only sad people go to dating agencies and you are fun, witty, intelligent," Hamilton-Brown said.

Just before Christmas 1996, Robinson was in Chicago and picked up a brochure for an agency called Only Lunch. "You just pop out of the office for lunch, with none of the pressure of a long evening ahead," said

Robinson. "I came back, rang Janetta and said 'you would be perfect to run this here'."

"I just laughed," Hamilton-Brown remembered. "But the seed had been sown and two months later, I called Chris and said if you were serious, let's talk some more."

Between February and September last year they spent time budding over their business plan for a lunchtime dating agency, and the attraction which had been hinted at over the telephone developed. Within months of the September launch, Hamilton-Brown, her two boys and their nanny had moved in with Robinson in his four-bedroom townhouse in Bow, East London.

As their partnership blossomed on all fronts, they raised the working capital for Only Lunch, their dating agency, through a £30,000 personal loan from Stephen Conway, of property developers Gaillard Homes, and £25,000 of their own money.

Robinson, operations director of Message Plus, oversees Only Lunch's accounts and spends two days a month reviewing its progress, while Hamilton-Brown is in day-to-day control. He said: "We decided not to throw too much money in until we knew whether it would work. We set benchmarks which we needed to achieve before moving on to the next step."

"Once we had the finance, we decided to test the market with an advert in Time Out magazine in September 1996 and a week on Heart

Radio station. At that stage, all we had spent was £5,000 on the advertising plus a further £2,000 on miscellaneous spending.

"We had 500 calls in the first week. So we spent £15,000 setting up the office and hiring two people to work with Janetta interviewing people interested in becoming members."

"We broke even in our second month on monthly costs of about £20,000, so the next benchmark was how many deals we could do in a month. And all the time we

kept rolling the cash back into the business."

It costs £795, plus VAT, to join Only Lunch, although they are offering a 40 per cent discount (£477, including VAT) as a way of building up the database. This entitles members to a minimum of eight introductions a year, although membership can be put on hold for up to a further six months to cater for people sent to work abroad, for example, or those trying out a relationship.

So far, just over 300 people, including a high proportion of lawyers, medics and people in advertising and public relations, have joined. This means Only Lunch is half way to its

first-year target of 600.

"The important thing has been getting rid of the stigma attached to dating agencies by being big, bright and bold and saying this is a sensible thing to do - not something you do when you are down in the dumps," Hamilton-Brown said.

The couple devised a questionnaire to draw out people's likes and dislikes, ambitions, hobbies and backgrounds, before interviewing each member at their offices in Holborn. While potential matches are picked out by the computer, Hamilton-Brown said they then hand-picked potential partners using "gut instinct".

They also carry out security checks and claim in their brochures "those who are married and pretend not to be can think again". They have had to suspend one member after three complaints that he was "too sexually up-front".

There is no money back if the first date turns out to be the love of your life. "It is a small price to pay for happiness," said Hamilton-Brown firmly. So far, they have organised about 160 lunches a month at the 35 restaurants they have chosen for ambience and price.

More than 3,500 people have so far contacted the agency but many found it too expensive. This gave Robinson the idea for a new service, Only Voice. For an annual £150 (plus VAT) subscription, members will receive at least eight contacts per quarter via the Voicecall telephone message system.

Robinson explained:

"Members will fill out a similar questionnaire to the Only Lunch one and undergo similar security checks. They will then be given an account number and security code for the Voicecall system and record their own description."

Using his technical expertise, Robinson has devised a system that means subscribers can choose who they contact but without anyone's telephone number being given out. "It also means we can track every call in and out of the system so if anyone tries to abuse the system, we will find out and suspend them," he said.

During the first six months of Only Lunch, trading reached £123,000, with their anticipated first-year turnover set at £300,000.

Their biggest overhead is £60,000 on advertising, plus a further £18,000 on brochures and stationery. Robinson said: "I spent a lot of time researching the American version. Its accounts showed turnover of \$260,000 in the first year and \$1.9m in the second. It now has eight offices."

Hamilton-Brown and Robinson hope to be able to start opening offices in cities around the UK by the middle of next year. "We will probably set up offices on an equity or profit-sharing basis rather than as franchises because it would be more economical having a central advertising strategy," Robinson said.

Only Lunch, Africa House, Suite 116, 64/78 Kingsway, Holborn, London WC2B 6BG. Tel: 0171-404 8691. Fax 0171-404 8690.

The Nature of Things The slim-line hunter gatherers

Scientists want to tap into a body system that will solve obesity, finds Andrew Derrington

Throughout most of human history, fatness has been a sign of health. But today it heralds a disease problem of frightening proportions. In the US alone, three out of 10 adults are clinically obese and 300,000 people a year die from obesity-induced ailments including heart disease, diabetes and high blood pressure.

The US is not top of the world league table of fatties. The poorly Pacific Islanders of Nauru are comfortably ahead: 65 per cent of men and 70 per cent of women are obese and one in three suffers from diabetes. The UK is way down the rankings but very far from squeaky clean: nearly 20 per cent are obese.

The alarming increase in obesity and the high cost of related diseases makes it important to understand how it occurs. You do not have to be Einstein to work out that the difference between the way our ancestors got their food - spending all day gathering roots and berries or running after antelope - and the way we get it now, driving down to the supermarket for cook-chill pasta in cream sauce, leaves an inevitable surplus of calories that turns into fat.

But several experiments make it clear that the body contains a control system that determines how much we eat and whether we burn surplus calories or store them. If we can understand how to manipulate the control system safely we may yet avoid the earthly consequences of our easy living.

Many scientists think that the body has a set-point, an ideal weight, that the control system seeks to maintain just as a thermostat sets the temperature maintained by a central heating system. If our weight falls below the set-point we eat more and burn less, and the converse happens if we gain weight.

The strongest evidence for set-points is that it is almost impossible either to gain weight or to lose it for any length of time.

Experiments in which people are fed precisely controlled diets confirm that the rate at which we burn calories depends on our body weight. Reducing the number of calories in the diet causes metabolism to slow down so that about 15 per cent fewer calories are burned. The converse is also true, even fat people have to eat about 15 per cent more calories than they should need in order to maintain their body weight much above its habitual value.

The set-point idea neatly explains the difference between the way fat people and thin people control their weights and why compulsion runs in families. Everybody has their own

set-point partly determined by genetic inheritance. The nearly universal tendency to gain weight in middle-age can also be explained as a natural change in set-point with age.

However, explaining why the incidence of obesity is increasing is less easy; nobody doubts that we are fattening up because of economic rather than genetic changes.

One possibility is that our individual set-points are established while we are growing up so that they move with changing circumstances. A more widely held view is that there is no fixed set-point but that a balance occurs between dif-

ferent mechanisms that influence body weight. "It's quite clear that there are several systems working in parallel," says Pete Clifton of the Laboratory of Experimental Psychology at the University of Sussex.

Details of some of these control systems are emerging from work on mutant and genetically engineered strains of mice that have weight problems. One of the clearest examples is a mutant called *obese*, which weighs about three times as much as a normal mouse.

Obese lacks a gene that encodes a hormone called leptin, which is produced by fat storage cells in the body. The concentration of lep-

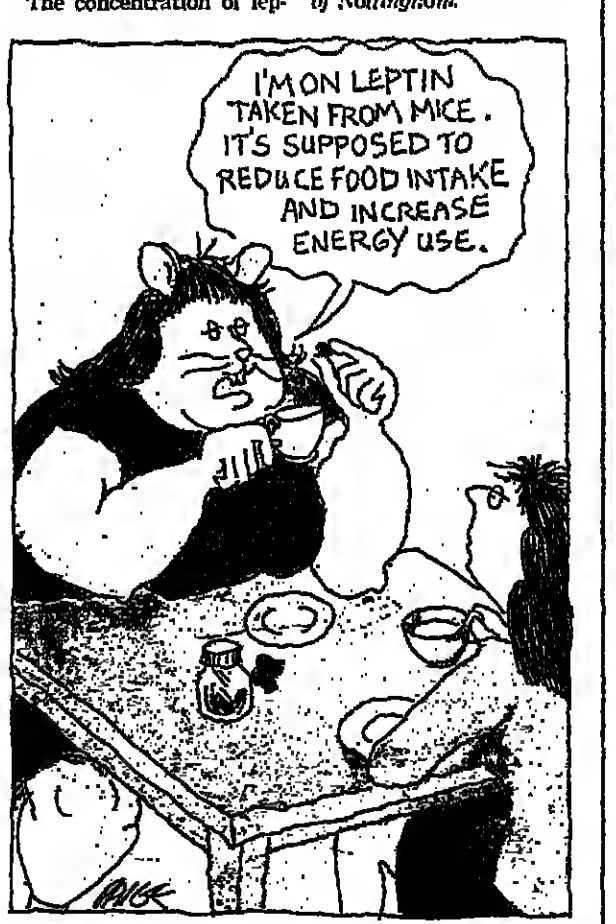
tin in the blood reflects the amount of body fat. It is at the heart of two different control systems. Reduced leptin levels, which occur in normal animals when fat stores are depleted during starvation, trigger an increase in food intake and a reduction in energy expenditure. Increased leptin levels activate a different system that causes a reduction in food intake and an increase in energy use.

Other control systems act to regulate individual meals. Drugs that increase the amount of the chemical messenger serotonin in the brain stop us eating by making us feel full, but the extra serotonin can produce side-effects. Ecstasy is a serotonergic drug that was first developed as an appetite suppressant.

Clifton hopes that he may have a way around the side-effects. Together with colleagues from San Francisco and the UK start-up drug company Cerebrus, he is working with a mouse genetically engineered to "knock out" use of the receptors that receives signals from serotonin, known as the 2C receptor. This mouse overeats, and its appetite is undiminished by appetite-reducing serotonergic drugs.

This suggests that the 2C receptor is the key to serotonin's effect on appetite control. If so, a drug selective for the 2C receptor might control appetite without inducing side-effects. Everything that we know about obesity suggests that, if such a drug could be produced, the demand for it would be enormous.

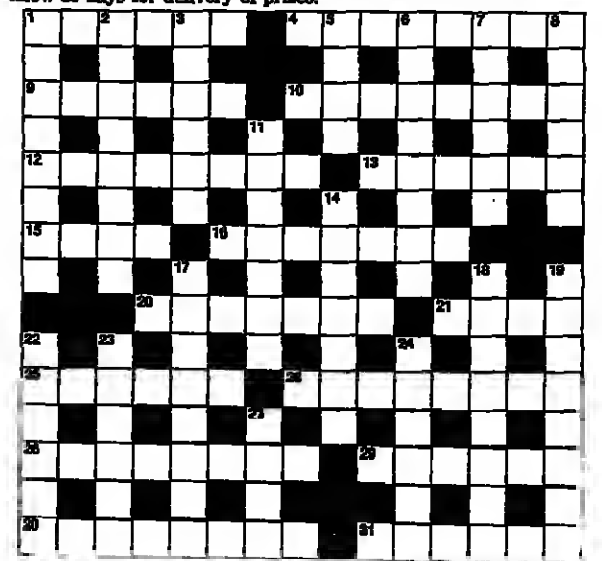
The author is professor of psychology at the University of Nottingham.



CROSSWORD

No. 9,395 Set by CINEPHILE

A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday June 13, marked Crossword 9,395 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 21. Please allow 28 days for delivery of prizes.

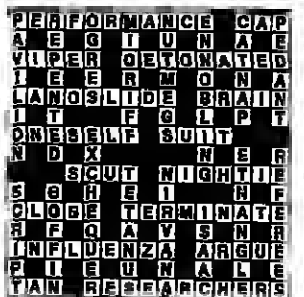


WINNERS 9,393: P.G. Low, St Albans; A.R. Neale, Bahrain; M.J. Grimmer, Helston, Cornwall; Barry J. Homer, New Milton, Hampshire; R.G. Pipes, Leicester

ACROSS

1. 4 Voyeur's bad point in respect of demand for good conduct (6,2)
8. American diver grabs silver from enclosed water (6)
10. Female companion with male attendant (6)
12. Article in stairs or over door? (6)
13. Good thing that can kill - a look (6)
15. Originally tall boy's pipe? (4)
16. 20 Award-winning film, 'The Sting', in plea for change (7,7)
21. Father's love above the skirt (4)
25. Puzzle of the age varied with part of Nimrod (6)
26. Social event held separately in the back stall (3,5)
28. K. Lynn involved with UDI? Hardly (6)
29. Draw launch of sailing boat (6)
30. Shells for idiots (3,5)
31. Set what's in the parcel - posh prawn cocktail (6)

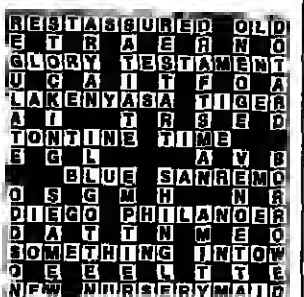
Solution 9,394



DOWN

1. Anglo-French amphibian? (9)
2. Award-winning film - exactly twelve? (4,4)
3. Against one there's nothing, and nothing's been raised: it's a fiddle (6)
5. Address to people of future import? (4)
6. Freddie seem to conceal rash (6)
7. Judicial wear I'm slow to claim? (6)
8. Infer finish in front of fire (6)
11. Social event with excavation of bones? (7)
14. It's fortunate about a pole being a servile person (7)
17. Island state's acknowledgements to a craze (6)
18. Nonsense island put up by story-teller (6)
19. Resigned now and again by Euroceptics, hardly worthy to put on first page (4,4)
22. 23 Tekit (6,6)
24. Operations reversed with knowledge. It's said (6)
27. What the wind did, say, when unhappy? (4)

Solution 9,393



You might think that the logical way to make nine tricks is to start with the first, and then work chronologically through to the ninth. However, the timing of play in no-trumps sometimes takes on a logic all its own.

N
K 7
K 9
K 10
K 1084

W
Q J 10 5 4 2
10 4
A 109
K 6

E
86
J 9753
J 85
Q 32

S
A 93
K 6
K 763
A 975

North East South West
- NB 1NT 2S
2NT NB 3NT

With no clever gadgets to hand, North settled on a simple raise to 2NT despite West's intervention, and South raised to game with his maximum weak NT. West led Q.

South counted two spades, three hearts, and probably three club tricks, unless both honours lay with West. That made eight tricks, so a diamond trick was also required. Declarer ducked

the lead, and won the continuation with K. An immediate club finesse seems marked, but declarer realised that when West won this trick, he would lead another spade to clear the suit. Then, when declarer tried to establish a diamond trick, West would leap in with his A+ and cash his spade winners. The only chance, therefore, lay in making the diamond trick immediately. So, declarer led a small heart to his K, and then 3+ from hand. West was powerless. If he ducked this trick, dummy's Q+ was declarer's ninth trick.

He could take the losing club finesse, control the continued spade attack with his final stopper, and then take the winning club finesse to get home. If, on the other hand, West rose with A+, and cleared the spade suit, declarer would come to nine tricks courtesy of two spades, three hearts, three diamonds and A.

At the table, West rose with A+ reasoning that the declarer might still have to rely on a club finesse to make his ninth trick. However, on this deal, there was no defence to the declarer's excellent timing.

Paul Mendelson

BRIDGE

CHES

The grandmaster elite are trying to banish Deep Blue to the back of their minds as the annual European circuit moves into full swing. The GMs have just finished at Madrid before moving on to Novgorod, Biel, and Dortmund; the last, from July 4 to 13, should be the most significant contest with all the world top six competing bar Kasparov.

Nigel Short plays at Novgorod and Dortmund with something to prove. The British No 1's moderate results so far this year have put him in danger of a sizeable drop in the next world rankings. Short has fought back by opening with the risky King's Gambit 1.e4 e5 2.f4 whose heyday was the mid-19th century. So far it has brought three victories, but in the penultimate round at Madrid the imaginative Alexei Shirov castled queen's side, launched his rooks and queen against Short's king, and won in 28 moves.

Experience shows that a productive openings approach against weaker opponents is to vary in a classical system. In this Madrid game, White starts with a hackneyed Queen's Gambit, then resurrects 7.Qb3 which was popular in

the 1940s. The black player, who had a poor score, launched a rash queen excursion which White refuted cleverly. White's 18.Qc5 wins a piece with a strong position and, when Black could only collect two pawns in return, he resigned (Akopian v San Segundo).

1 N3 d5 2 d4 Nf6 3 c1 e6 4 Nc3 Be7 5 Bg5 Nbd7 6 c4 d5 7 Qb3 c6 8 Bb3 dxc4 9 Qxc4 c5 10 dxc5 Nxc5 11 Rxc5 Qc5 12 Qd1 Nc7 13 Rd1 Ne5 14 Nxe5 Qxe5 15 Nf4 Nd5 16 Nf3 Qxb2 17 Bxf7 Nxf7 18 Qc5 Bb7 19 Rxb1 Qxc2 20 Rb3 Qc2 21 Ng3 Resigns.

No 1183
White mates in three moves, against any defence (by H. Kanner, 1876). Few pieces and a trapped black king, but you do need exact play.

Solution back page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Keep the rod of justice in the right hands

The US victims' rights lobby is threatening to erode the impartial authority of the state

The road from victims' rights to the chamber of death is short. If you doubt it, ask Timothy McVeigh. No sooner was he convicted of the bombing that killed 168 people, including children, in Oklahoma City than his life was put in the hands of the jury. The prosecution seized its chance to introduce a "victim impact statement", an account of the suffering endured by relatives of the deceased.

This is a triumph for the victims' rights movement, a strong and growing force in US jurisprudence. You may cheer. Before you do, try the preceding sentence another way. *American justice has moved towards that of Saudi Arabia. Still happy?*

In western theory, murder is an offence against the state. According to the Sharia, the

Moslem legal code, it is a personal crime. In Denver, where McVeigh first faced the court, the prosecution represented the US federal government. Sharia obliges the state to respect the wishes of the victim's family. The US victims' rights lobby is blurring the distinction between the two.

This is leading in a grisly direction. In Riyadh, two British nurses are on trial for the murder of Yvonne Gilford. If convicted they might be beheaded in a public square. The power of life or death has passed to the deceased's brother Frank. He could, if he chose, enter a plea for clemency.

Awful, primitive, uncivilised? The Oklahoma bomber faces a media-led lynch mob composed of what seems like the entire population of the United States.

The horrors inflicted on his victims are recounted in detail, on the air and in print. Get this right. He does not deserve anybody's sympathy. This was a particularly vile act of terrorism. It was directed against a civilised society. It should not be the means by which that society's self-imposed constraints are eroded. Execution is execution, whether by axe or lethal injection. If that is to be the punishment, it should be meted out in cold blood by an impartial authority.

Just 10 years ago the US Supreme Court ruled by 5 votes to 4 against victim impact statements in capital cases. They unduly inflamed a jury. "Any decision to impose the death sentence must be, and appear to be, based on reason, rather than caprice or emotion," said Justice

Lewis F. Powell Jr. US justice has travelled a long way since then, backwards.

If it goes much further it will reach the 12th century. Before that, Anglo-Saxon law was based on the principle of restoring the harm done. Crimes such as terrorism would certainly have been punished by mutilation and death, but for lesser wrongs, a payment could be made to the victim. The name for this was "bot". The bot-list certainly had a medieval ring to it. For cutting off an ear - 80 shillings. Rape, if of a virgin - 60 shillings. If not - 16 shillings. Gouging out an eye - 66 shillings. These would be large sums in 1990s currency.

I am indebted to Dr Lucia Zedner for this historical nugget. A law fellow at Corpus Christi college, Oxford, she has written extensively on victimology. To

her the idea of *impact* statements is less objectionable than victim *opinion* statements. These give the aggrieved party a direct say over the sentence.

Such a line into the court would wipe out centuries of post-industrial refinement of legal procedures. Opinion statements are suitable for trials conducted with the accused sitting on a horse, a rope around his or her neck, one end tied to an overhanging branch. Who can doubt that they are on the way back in the western and southern US?

Impact statements are not so primitive. In Britain, where juries establish guilt but judges alone decide sentences, they might be helpful. We must assume that the bench is able to take a measured view in spite of appeals to the crowd outside. Since the 1960s the victim has

been increasingly represented in the British system, according to Anthony Bottoms, director of the Institute of Criminology at Cambridge University.

Each step has been relatively small. First, a criminal injuries compensation scheme was introduced. Now, in preparing presentence reports, probation officers are obliged to outline the damage done by the criminal. And did I read the other day that experiments with impact statements are taking place in selected magistracies?

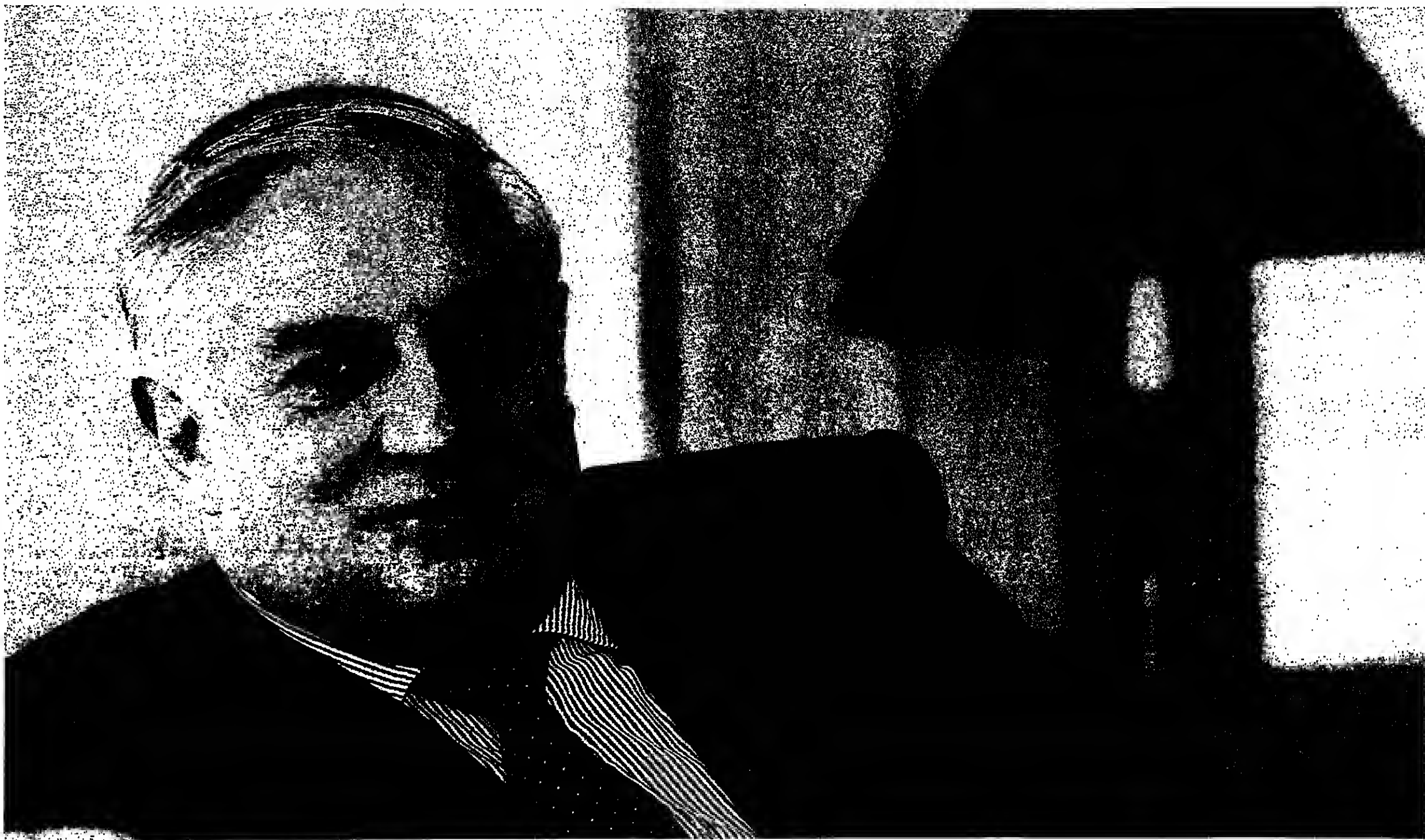
Clearly, the concerns of individuals against whom offences have been committed are creeping in to the English system. It is still essentially adversarial - between the state and the defendant - but the damage to the victim is being taken into account. This need

not evolve into a western form of Sharia, even in the US.

On both sides of the Atlantic, the trick is to be aware of what we are doing. We are not returning the rod of justice to private individuals. Allowing victims to sue for redress, as in France and Germany, or injecting concern for victims into established procedures, as in Britain, seems sensible. That would do little harm provided that the state retains its monopoly over justice.

The alternative is a 21st century nightmare. Victims or their relatives would plead for revenge before willing cameras. That could evolve into electronic mass juries. Every TV watcher would become a Roman emperor with the ability to thumb-down a life, every one of us a Frank Gilford or a McVeigh juror.

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Peter Sutherland: 'I think England has been going through a social revolution and people have become confused'

Dinner with the FT

Claret, cigars and matters of trade

Edward Luce talks to former top trade negotiator Peter Sutherland about Europe and the way of the world

I arrived at the restaurant early. The prospect of a candlelit dinner with the world's most pugacious trade negotiator had rather jangled my nerves. I wanted time to psyche myself up for the cut and thrust of the conversation ahead.

By the time Peter Sutherland arrived, I had shredded two napkins and eaten most of the bread. But I was ready. If the former head of Gatt (the General Agreement on Tariffs and Trade, or for the facetious, the general agreement to talk and talk) was anticipating a walkover, he was in for a surprise.

Sutherland, chairman of Goldman Sachs International, tried to disarm me with an apology for arriving late. I parried this with an apology of my own.

"Don't worry I'm quite used to journalists," he said after I had shoved a tape-recorder under his nose. "I don't mean that in a derogatory sense," he continued. "I think journalism is a very honourable profession."

This startled me. I had not expected Sutherland to take the charm approach. But, for a man who within six months of taking up his post at Gatt had brought the seven-year Uruguay Round of world trade talks to a conclusion, such ruses must come naturally.

I started by asking him why the English - as opposed to the Scottish or the Welsh - appear to be so hostile towards the prospect of a single European currency. The former attorney-general of Ireland has become familiar around the UK as one of the few leading figures in the private sector who is prepared to argue publicly for Britain's entry into European monetary union. It is a stance which

has not endeared Sutherland to the more xenophobic quarters of the British press. "I think England has been going through a social revolution and people have become confused," he said.

"It seems everything has been up for reform, the House of Lords has been challenged, the monarchy has been questioned, the legal system has been under attack and even at times the union with Scotland has looked shaky. Perhaps clinging on to national sovereignty is an instinctive response to these bewildering changes, even if much of that sovereignty is in fact an illusion."

My stomach rumbled plaintively. Contemplating England's woes had only heightened my appetite. Le Café Du Marche - a discreet French restaurant near the Barbican in north London - seemed the right venue to plump for something outlandish. *Champignons sautés* was the best I could do. Sutherland attempted to disarm the *maitre d'*. "My wife tells me I'm too fat. What in your view would be a sensible dish?" Unfazed, the *maitre d'* said he should go for the fish soup.

We mutually commiserated about the difficulty, of

ordering salads while lunch partners ticked their way down enticing menus. Neither of us could summon the discipline. After conferring, we decided to choose grilled beef ribs cooked medium-rare for the main course with buttered potatoes on the side. And a bottle of claret.

Was there not a danger, I

'It is frustrating that many people do not even want to debate the pros and cons of Emu'

asked, that the nationality of Sutherland and of his European partner-in-crime, Niall FitzGerald, chief executive of Unilever, could be taken down in evidence by the Europhobes and used against them? Foreigners after all, especially Dubliners, are by definition soft targets for the anti-European lobby.

"I am acutely aware of

this," said Sutherland, as we paralled out the remaining pieces of baguette. "There are often rumblings in the press when foreigners - even heads of major companies based in London - attempt to contribute to the British debate on Europe and the single currency."

It seemed a pity, I said, that an irrelevance such as nationality could cloud people's judgment on such important questions. The former head of the World Trade Organisation (which Sutherland helped found) only half-mumbled at the bait. A waiter replenished our glasses as Sutherland polished off his *soupe de poisson*.

"My main role in London is to help run Goldman Sachs and to carry out my duties at British Petroleum [of which Sutherland is non-executive chairman]," he said half-apologetically.

"Having said that, it was frustrating before the general election that many people did not even want to debate the pros and cons of Emu. I accept the fact that there are some legitimate arguments against Emu but to say that it is not worth talking about seems lunatic."

I sensed that Sutherland

was nostalgic for his days as an international negotiator. The closing stages of the Uruguay Round was a historic and frantic moment in international diplomacy.

Few who witnessed the arguments between Europe and the US at the trade liberalisation talks will forget his often thunderous interventions. "When countries stop trading goods," he told negotiators in Geneva, "they start trading blows." His words obviously hit home.

Didn't he miss all that? "Of course I do. There's something incomparably exciting about international negotiations," he replied.

"I used to get three hours sleep a night. One negotiating session carried on for 17 hours flat. It was exhausting but the tension kept you going."

We tucked into the beef. "But I also get a buzz working for Goldman Sachs, although it's a very different buzz. There's something quite satisfying about participating in the nitty gritty of globalisation and watching global capital flows after having played a part in helping to bring about the 1994 world trade agreement."

It seemed like a good moment to recharge our glasses. The portly Sutherland

land placed his hand over the glass.

"No, I'd better not have another," he said. I insisted that he drink his fair share of the wine. He conceded in exchange for my undertaking not to force dessert on him. This was the stuff of negotiation. We drifted back on to Europe.

"What attracted me as a young man towards Europe was exactly the same as what attracted me in Geneva to multilateral trade talks," he said. "It was the realisation that if we intermeshed our economies we could abolish the spectre of war and cease to view the world from the often narrow national vantage point."

I wondered whether it would be rude to have a cigarette with the coffee.

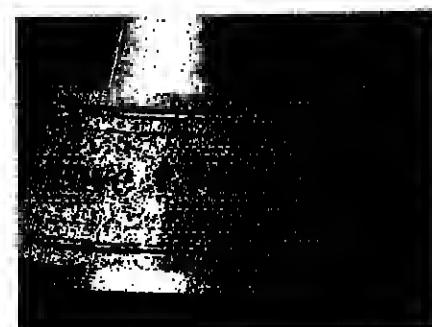
"Take Goldman Sachs or any other large company," he continued. "It doesn't make sense to describe Goldman Sachs as 'American' or 'British' anymore. They are owned by people from all over the world. That is what is so exciting about the era we are living in. It is turning the age of the nation-state and of great power politics into a distant memory."

I summoned the courage to inquire if I could light up. "Of course you can," he said. "I think I will, too." I expressed surprise that he was a smoker. "Every damn caricature that's ever been done of me has a whacking great cigar sticking out of my mouth," he said.

A cigar box was opened. Sutherland selected a rather plump one which the waiter then clipped. Clouds of blue smoke swirled around us. Apart from the bill, which came to £89.50 without dessert, it could almost have been a late-night negotiating session.



WINNER BY A HEAD



WINNER BY A NECK

THE DRESS, EMU	7 June
CAMPARION, CHINA	10 June-6 July
BIGAL, ARGENT	17-20 June
STAN COVENS, TANZ MARCH 1, AL STRALLA, LINDA	19-20 June
WILLIAM LIND, TIANAN CHANGHONG	25 June-6 July
FRANK, VILAS, DANQUOI, GORDON, FIAN	28 June-30 July
HEALING, BOWEN, ROBERTS	2-6 July
HUTTON, COE, ST PALACE INTERNATIONAL, FLORENCE, SHINE	9-12 July
BRITISH GRASS PEST, SHIL, DENTON	13 July
COWLES, WILE	2-9 August

Veuve Clicquot
CHAMPAGNE OF THE SEASON

PERSPECTIVES

The view from no man's land

Guy Dinmore finds the gulf between two cultures on the reopened bus route from Zagreb to Belgrade

Get off the grass! our bus driver screams at a little boy who has strayed off the road while we stand around piles of luggage and wait for our next connection. In any other part of Europe this might be the warning of an intolerant park warden, but in the stretch of no man's land between Croatia and Serbia the danger is real - unexploded mines.

"A woman was blown up by a mine some months ago," the driver explains as she shoos him back on to the road. The war may have ended 18 months ago but the ride between Zagreb and Belgrade, along what used to be called the "Brotherhood and Unity" highway, still holds ugly reminders of a conflict that divided thousands of families. The newly opened bus route is a small but welcome sign of

progress in normalising relations between the former enemies. There are no flights or trains yet and until recently buses had to travel twice the distance through Hungary. For many passengers it is a journey that ends in hugs and tears as they are reunited with relatives after years of separation.

From the tree-lined avenues of Hapsburg Zagreb, our bus heads east through wooded, fertile flatlands and the nodding donkeys of the oilfields of northern Croatia. Near western Slavonia, construction workers are busy fixing houses destroyed during the war and by Operation Flash when a rebuilt

Croatian army swept through rebel Serb-held territory in May 1995, reopening the road and driving out a flood of refugees. Four lanes became two, hemmed in by thick forest, as the highway enters a stretch of eastern Slavonia on the border. United Nations peacekeepers organised the clearing of minefields and reopened the border crossing a year ago. Traffic is still sparse, just a few trucks from Macedonia and Greece and diplomats or UN officials in well-marked cars.

After passing through Croatian border controls - a minimum of fuss at a simple crossing point - our bus halts in

no man's land, a 200m wide stretch of concrete divided by two large flags of Croatia and the former Yugoslavia with the blue of the UN in the middle. There, our Croatian bus goes no further and as the sun goes down we wait for our connection.

Most of my fellow passengers are middle-aged or elderly Croats. As we stand by our suitcases, Maria explains she is married to a Serb in Belgrade and describes the pain of being torn between two cultures.

"I've lived in Belgrade since 1972. My children and husband are there and I don't want to leave. I have no problems in Serbia but many in Croatia. I'm

asked: 'Why do you live over there with those people?' It's very sad. The nationalist propaganda is terrible.

"In Serbia, people don't have their noses stuck in the air like my people over here."

Maria is one of the few Croats who have not embraced independence and call themselves "Yugo-nostalgics". "It's difficult to get used to it," she sighs.

For sentimental rather than economic reasons she takes Serbian cheese when visiting her parents in Croatia and brings back Croatian chocolate to her family in Serbia.

Maria says her teenage

children, half-Croat and half-Serb, have confused identities. They love the villages and Adriatic coast of Croatia but get harassed at discos because of their harsh Belgrade accents. The two peoples speak basically the same language but Croatia, eager to establish its own identity, is inventing new words and rediscovering old ones.

The gulf is widening between the two neighbours. During the war, more than half the 500,000 Serbs living in Croatia fled or were expelled. Likewise, many of the 100,000 or so Croats in Serbia were driven out or emigrated.

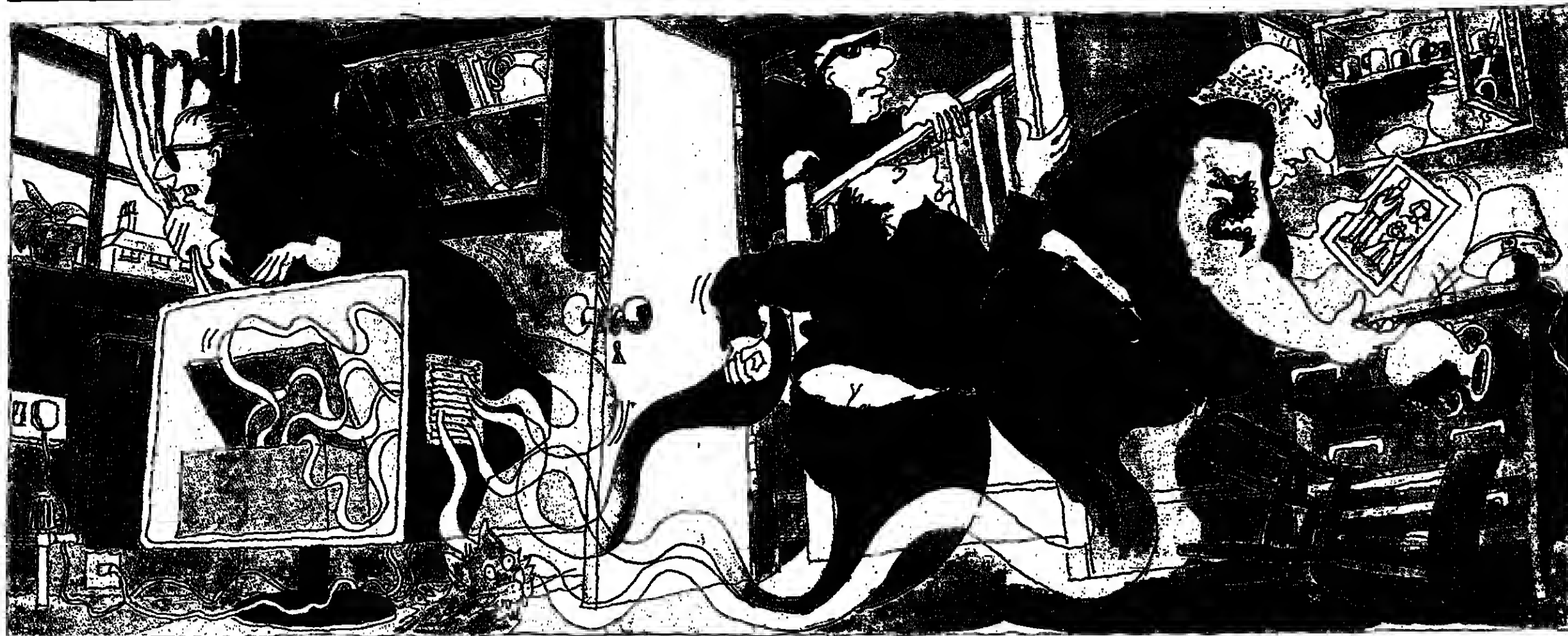
While Croatia's economy may

be expanding rapidly and Serbia's is mixed in crisis, the two still have an important common trait - autocratic leaders who feed off latent nationalism and ignorance to strengthen their hold on power.

"In the countryside in Serbia all they watch is state TV. They know nothing else, just like the rural people in Croatia," says Maria.

After an hour in no man's land our connection pulls up from Serbia. Passengers exchange buses to complete the 390km journey.

The landscape on the Serbian side is no different. Flatlands, fields and forests. We make it to Belgrade after a journey totalling seven hours. Just as in Zagreb, we are surrounded by gypsy children begging for money and taxi drivers touting outrageous fares. It seems some things will never change.



Mugged in the name of television

Christian Tyler hears the story of Ivan and Cristine Baker, who let their London flat to a television crew only to find themselves mixed up in the entrapment of a debt collecting agency

Televison loves to scare us with horror stories from the world outside. But one little horror it does not mention: the danger of being mugged by television itself.

Ivan and Cristine Baker live in south-west London. He is a builder and she is a professional pianist. Several times a year they go to the West Indies to look after a small resort which Ivan has built there. On these occasions they let their London flat.

Earlier this year their agent was contacted by Stephen Scott from Carlton Television, producer of *The Cook Report*, a weekly prime-time show which "exposes" wrongdoers. Scott said he was making a programme and wanted to rent the flat. But he was "extremely secretive", according to the woman at the agency, about whether he or - as he implied - a visiting guest of Carlton's would be occupying it.

In view of this uncertainty, the Bakers asked for double the usual deposit of one month's rent. Carlton agreed, Scott said, according to them, he might want to take a shot of the flat's entrance, but would not identify the house.

At this point, the Bakers should have pulled out. But they didn't. Scott was "easy, charming and straightfor-

ward," Ivan recalled. "He made it sound all very low-key."

Among the many things the Bakers did not know was that *The Cook Report* was hoping to entrap a firm of debt collectors whose visiting card boasted, "We Don't F*** About". The meaning of this motto became clear when the programme was shown on May 20. In the film, the boss of the debt collecting agency is overheard saying: "We use men in excess of 20 stone, with shaved heads, tattoos, boots, jeans. Verbally and psychologically, I think we are about as strong as you are going to get."

Ivan Baker flew to Grenada in mid-March. His wife followed on the 26th, the day the tenancy was to begin.

When Cristine returned on May 1, she found the telephone and fax machine (on which she relies for Grenada bookings) had been cut off and the answerphone broken. There was a bill on the mat in the name of "Clark".

The following Monday there was a knock at the door and Cristine found a stranger on the step. (Her husband was not yet back.) "He was sweaty and saw-toothed and said he was looking for someone called Ivan," she said. "When I asked why, he replied, 'I'm here

for some friends, because he has run off to the West Indies with their money'."

Assuming the sinister visitor was referring to genuine clients of the resort, she told him that was impossible, and offered to prove it on the spot. "When I said that, he became even more sweaty and confused, and backed off," she said. "After he'd gone, I rang some friends, and they told me to call the police."

Cristine says Scott told her that the man matched the description of someone he had been trying to lure to the flat. He then told her the programme was about underhand practices of private detectives. He revealed that her phone had been tapped for a while and the flat watched from a neighbour's house.

"I was furious," Cristine said, "but he was charming and said he would let us know when the programme was on. He didn't."

Ivan came back a week earlier than planned, and the next day went for a drink in his local pub. "I noticed two men at the bar, one very tall with a blue suit, about 50, and a younger one without a jacket on," he said. "I didn't like the Musak so I went next door to the public bar."

"The barmaid came over and

said: 'There are two friends looking for you.' I didn't know them and they certainly weren't my friends. I was seriously worried - paranoid if you like - because in a pub 'looking for you' implies something else."

He went straight home, returning with his wife to find

There was a knock at the door and Cristine found a sinister stranger on the step

the pair gone. It had started to rain and Cristine decided to fetch an umbrella. Outside the house, she saw a man with sandy hair sitting in a white car with a red stripe on it.

"I ran back to Ivan and said, 'We're being watched'. We rushed back to the house and the man saw us looking at him. By the time we had collected the

umbrella he had driven off."

Considerably shaken by now, the couple rang the letting agent and told her to contact Stephen Scott and ask him to "get these people off our backs". Cristine said: "I was afraid that Ivan would be physically harmed."

While the Bakers took refuge with friends in Dorset, Scott told the agent "it's all over".

When the Bakers finally saw the film, they were drop-jawed. Cristine said: "I was completely fazed." They saw full-frontal pictures of the house, shots from the back, shots of their sitting room, even a shot of a secret camera nestling in their bookshelf. Friends started ringing. The Bakers felt sure their neighbours were wondering if they had been up to no good.

The film shows the Bakers' flat being used for two "stings".

In the first, the producers pretend to be a company with an interest in the development of Manchester airport. They hire a (real) private detective to monitor airport protesters said to be meeting at the London flat. Two men are seen fiddling with a nearby telephone junction box. We later see the programme's star, Roger Cook, accusing the private eye of

illegal telephone tapping.

In the second, the debt collectors with the heavy motto are told there is someone in the flat about to run off with £11,000 of other people's money. They are hired to get it back, no questions asked. Apparently nothing is done, for Cook is later seen berating two shifty-looking men for taking the money and not visiting the "target". There is no suggestion they were told Ivan Baker lived at the flat.

But there is a great deal the film does not show, according to Cador Pendry, the private detective who was approached to monitor "airport protesters".

He said the disguised television team had pretended to him that they had been hired by the Civil Aviation Authority and that the job had the sanction of the authorities. "They told me not to worry, because all the files would be handed to the police," he said this week. "None of this was in the film."

Pendry, a former commando, has worked for the police before, and says he was not surprised by the brief. "My only crime was not to check them out," he said.

He claims he was later asked to break into the flat and plant bugs, but refused. "I agreed to

static surveillance." (This means taking photographs and logging the comings and goings.) He was then asked to tap the phone on the pretext that the police were short-handed. The men seen at the junction box were real BT employees who had nothing to do with him, he added.

Pendry said he had consulted a libel lawyer, but could not afford the £30,000 quoted as the cost of bringing a suit. "It's wrecked my business," he said. "I think they are more guilty than I am."

Scott refused this week to answer questions and the programme's lawyer denied any knowledge of the incidents reported to Scott by the Bakers. A Carlton spokeswoman denied all Pendry's claims. He was not told this was an official investigation and he was never asked to break the law, she said.

Cook's trademark is to end each "investigation" by bursting in upon the alleged villains with a cameraman and denouncing them. The Bakers' tale could rebound on the programme. A code of practice is under discussion that could severely limit television's use of the hidden camera. A draft from the Broadcasting Standards Commission suggests deception and secret filming can be used only if there is an "overwhelming public interest". Would *The Cook Report* pass that test?

A dollar for your thoughts

The coming of the US dollar has created a new class of 'have nots' in Cuba, finds Pascal Fletcher

In one of Cuba's more secretive Afro-Cuban religions, known as *Regla de Congo*, *Mayombe* or *Falo Monte*, priests would use gunpowder to prepare a spell.

They placed little piles of this powder, known as *fula*, over ritual drawings and lit them with a cigar. If all or most of the piles caught, it signalled the charm would work. The ignited *fula* was "opening the way" for the spell.

In today's Cuba the word *fula* has acquired a new meaning. It is used in Cuban street slang to describe money. Not just any money. Hard currency. Specifically, the United States dollar.

The invasion of the US dollar, with its superior buying power to the Cuban peso, is fomenting a new kind of revolution in Cuba, dividing its society into two groups, and those who have not the majority of peso-earning state workers. This threatens one of the tenets of the Cuban Revolution, once trumpeted by its leaders: that of social justice and equality.

Like the ritual gunpowder, the US dollar "opens the way" on the communist-ruled island to hard-currency shops and tourist installations, to consumer goods and services unavailable in Cuban pesos. In short, to a richer life style.

The decision to allow Cubans to use hard currency, announced by Fidel Castro in summer 1993, was perhaps the most influential of all the economic reforms introduced in Cuba during the past five years.

Combined with an influx of foreign businessmen and tourists, and with the slow emergence of a self-employed sector, the unrestricted circulation of the US dollar is changing the face of Cuban society.

It has shattered the carefully calibrated egalitarianism of Cuba's society during the Soviet bloc years, which was built on a uniform national food rationing system and subsidised prices. Privileged groups, mostly linked to the hierarchy of political power, did exist, but the basic relationship between wages, income and prices was the same for the majority of citizens.

Castro stresses the economic necessity of the 1993 measure, but has often lamented its impact. "It hurt, it really hurt. We were aware of the inequalities and privileges it created. But we had to do it," he says.

After years of lambasting Cuba's "Yankee Imperialist" arch-enemy, the US, he has had to accept the Yankee dollar as a de facto national currency circulating alongside the Cuban peso.

Castro says the move was unavoidable to "save the revolution". In other words, to help the island and its one-party political system survive a deep economic recession triggered by the collapse of the Soviet bloc and made worse by tightened US trade and a financial embargo.

The government needed (and still needs) to lay its hands on every dollar it could find to pay for essential oil and food imports. The use of hard currency by Cubans had been illegal but a huge dollar black market flourished, inaccessible to the government. The solution? Legalise it and get the dollars out from under Cubans' mattresses and into the state coffers.

The authorities set up a network of hard currency shops selling basic consumer goods such as cooking oil, clothes and household articles at unsubsidised prices. Existing alongside the

subsidised peso stores, these now extend across the island.

The value of the dollar has fallen from the high black market rate of 150 Cuban pesos reached in mid-1994, but it still packs a more powerful buying punch than the national currency. It is at present worth \$5 or more in tips during one week, which gives him a monthly income of around \$20, a princely sum by Cuban standards.

He swapped his disco doorman's clothes for the tatty, grime-stained shorts and T-shirt he uses while swabbing down cars. But he has no regrets. "Who can live off 120 pesos a month? At least this way I'm getting somewhere," he says.

Pedro, a former trained electrician with a wife and two children, is another who has made the switch from the peso-earning state sector to dollar entrepreneurship.

He left his 265 peso-a-month electrician's job and now bakes guayaba and coconut pies which he sells at \$1.50 each at offices and work centres. "At least this way I'm making a decent living," he says. He is saving up to join family members in Spain.

Through hard currency tips from foreign customers, waiters working in tourist hotels and restaurants can multiply many times the monthly peso wage of teachers and doctors, the pride of Cuban society.

Who can live off 120 pesos a month? At least this way I'm getting somewhere

about 22 pesos. This differential remains disruptive and has turned work categories and their respective incomes topsy-turvy.

José, who is 28, used to work as a doorman at a state discotheque, earning 120 pesos (about \$6 at the current rate) a month.

Now he washes foreigners' cars outside an office block in Havana. With luck, he can earn

A wealthy class, millionaires by Cuban standards, is emerging. Their hard currency income can derive from a variety of non-state sources - remittances sent by family members, income from renting homes to foreigners or fees paid to artists and entertainers.

Alarmed by these income differences and cases of corruption involving hard currency, the authorities seem to be trying to restore a measure of socialist-style equality.

Lending teeth to an ideological campaign against "mercantilist psychology" and "consumerism", the government has borrowed a redistribution mechanism long-established in capitalist societies - taxation. Income tax has been reintroduced after a 30-year absence, and the authorities now tax all hard currency income except remittances sent from abroad. Peso salaries remain untaxed.

Reaction to the taxes, which the government says it uses for the country's free health and education system, is predictable. "They don't want anyone to get

rich," is the grumble most often heard.

Nevertheless, the "dollarisation" of the Cuban economy seems to be increasing. In cities like Havana, where tourism and foreign business is high, 50 per cent or more of the population are reported to have access to hard currency.

Sales of goods and services in hard currency rose 18 per cent to \$627m (\$394.6m) in 1996. Since 1995, Cubans have been able to hold hard currency bank accounts, and government foreign exchanges will change dollars into pesos and pesos into convertible currency. One-third of Cuba's workforce now receives some kind of hard currency incentive on top of a peso salary.

Cuba's leaders say the circulation of the Yankee dollar is a necessary evil which will not last forever. To salvage national pride, the government has issued a parallel convertible peso at a one-to-one rate with the dollar. The next step will be to reduce Cuba's three currencies - US dollar, convertible peso, national peso - to the two pesos.

The final goal is a single, internationally convertible Cuban peso, but this will require the full recovery of the Cuban economy and an end to the US financial and economic embargo of the island.

JPH/col/S20

SPORT / MOTORING

Sporting Profile

Hardball in the lottery of racing

Michael Thompson-Noel gets under the skin of trainer John Gosden

There is nothing effete or over-refined about Benny The Dip. Dannon Runyon, after one of whose

characters (a pickpocket) he is named, would have loved him. Benny The Dip is a

tough-looking, hard-galloping, three-year-old racehorse, dark bay in colour, who is third favourite for today's English Derby at Epsom.

His trainer, John Gosden, thinks the world of Benny The Dip, whose most recent victory was in the 1½-mile Dante Stakes, a traditional Derby prep race, at York on May 14. Benny The Dip won by an authoritative 2½ lengths, inspiring one track-back to write admiringly of the colt's "rhythmic, destructive stride" which had caused his immediate pursuers to "buckle under the strain".

"Benny The Dip is solid, strong, tough - a class act," agrees Gosden. The colt was privately bred, in America, by his owner, so never passed through the sales ring. If he had been bought at auction as a yearling, says Gosden, it is likely Benny The Dip would have cost close to \$500,000 - not a small sum, even by US standards.

"Put it like this," says Gosden, who trains 170 horses at Newmarket's beautifully appointed Stanley House stables. "Benny The Dip is one of those players you really want on your team. Some years, a trainer's fortunes can be centred on just one horse. Benny The Dip would go into battle for you. He's a real racehorse, not some fancy boy who turns up when he feels like it and puts in two minutes' flashy work."

To be frank, no one can be certain that Benny The Dip will have the stamina to last the distance of the Derby: 1½ miles. It may be that his ideal distance is 1¼ miles. If so, Epsom's punishing uphill finishing straight will find him out.

But then, as Gosden says, the aggressive style of Benny The Dip's victory at York was a good portent for Epsom, and the colt's ability - or lack of it - to stay 1½ miles may as well be tested in the Derby, Britain's richest race, as anywhere else.

Anyway, there are also stamina doubts about the hot-shot, odds-on Derby favourite, the lauded Entrepreneur, trained by Michael Stoute. Entrepreneur is such a speed merchant that he

has already won one of England's classic races, the 2,000 Guineas, which is raced over a straight mile at Newmarket.

There are five English classics, over distances from 1 to 1¼ miles, of which the Derby is the most important: a glittering prize that Gosden - who has suffered much criticism for his relative lack of success in the classics - would be immensely pleased to win, even though he says the classic races are not as important as they used to be.

The son of a racehorse trainer, Gosden is 46, 6ft 4in, Cambridge-educated, strikingly self-composed and married to a barrister. As a young man he was an assistant to two of Europe's most successful trainers this century, Sir Noel Murless and Vincent O'Brien. Then he became a trainer in the US, where his horses won stacks of money. The owners who employed him included Elizabeth Taylor - the easiest owner he ever worked for. The actress was so worried her horses might be injured that she never wanted them to run.

Gosden returned to England in 1988 and now trains principally for Sheikh Mohammed bin Rashid al-Maktoum, crown prince of Dubai, whose family has assembled the mightiest, most valuable collection of racehorses - hundreds strong - in the history of the breed.

Half of Gosden's horses are owned by Sheikh Mohammed, and half by other owners. Of Sheikh Mohammed's 85 or so (the sheikh has many other trainers), approximately two-thirds were bred by the sheikh, who owns 15 studs, and one-third bought at auction. "We're half a public stable and half private," says Gosden. "The non-Maktoum horses are English-owned, American, Irish, Hong Kong, whatever... quite diverse."

Together with Michael Stoute and Henry Cecil, Gosden is at present one of Britain's top three trainers. Since returning to England, he has won nearly 700 races and millions in prize money. But until last September, when one of his horses, the eccentric Shantou, won the St Leger at Doncaster, Gosden had not won an English classic.

The critics had had a field day. There were claims that Gosden was an under-achiever - that his access to so much vauntingly valuable horseflesh should have won for his owners a listful of

classics. The criticism hurt. But in such a big-money, big-pressure sport as racing, where everyone thinks they know best, trainers have to have rhinoceros hides, and Gosden, for all his sensitivity and intelligence, is a lot like Benny The Dip: solid, strong, determined. Not a fancy boy at all.

"Anybody in professional life has ups and downs," Gosden told me in his Newmarket office. We had been served coffee in little porcelain cups, and were sipping away companionably. "Certainly, I was under pressure for not having had a classic winner. But I had always made the point that you need a classic horse to win a classic race. We'd been placed in enough of them."

"The main problem last year - this happens a lot - is that our horses had been unwell through the first half of the season, with a viral infection. It affected the whole yard. You can't win races with sick horses."

"Critics are cold creatures, well able to slip the knife home,

but fortunately, from September on, not only did we win the St Leger but also about 10 other major races in England and France, and finished very strongly. It's a fickle game, this. You're dealing with flesh and blood. Horses are delicate creatures."

In any case, says Gosden, in recent years a lot of emphasis has shifted away from the classics, which are only for three-year-olds, and towards rich races for older horses in the US, Japan, Hong Kong, Dubai and elsewhere. If they are good enough, English-trained horses can jet off to these races, then jet back again.

"It's always been pretty tough," said Gosden, "to find three-year-olds to run 1¼ miles in the first week of June, when so many of them are still immature, which is why races for four- and five-year-olds are increasingly significant. That doesn't mean that the classics are necessarily less important, but it's not so do-or-die now. You

can now have a very, very big year - in Britain and internationally - without going close in a classic."

"The fact that horses are staying in training longer is very good news. I do not like to see horses raced at two and three and then shot off to stud. I like

It's a fickle game, this. You're dealing with flesh and blood

to see them race right through till they're five. That makes for seriously good racing. A racehorse is at its absolute physical peak when it's five." How much does he charge to train a racehorse? "£250 per week," he replied, after looking it up. "But there's no money -

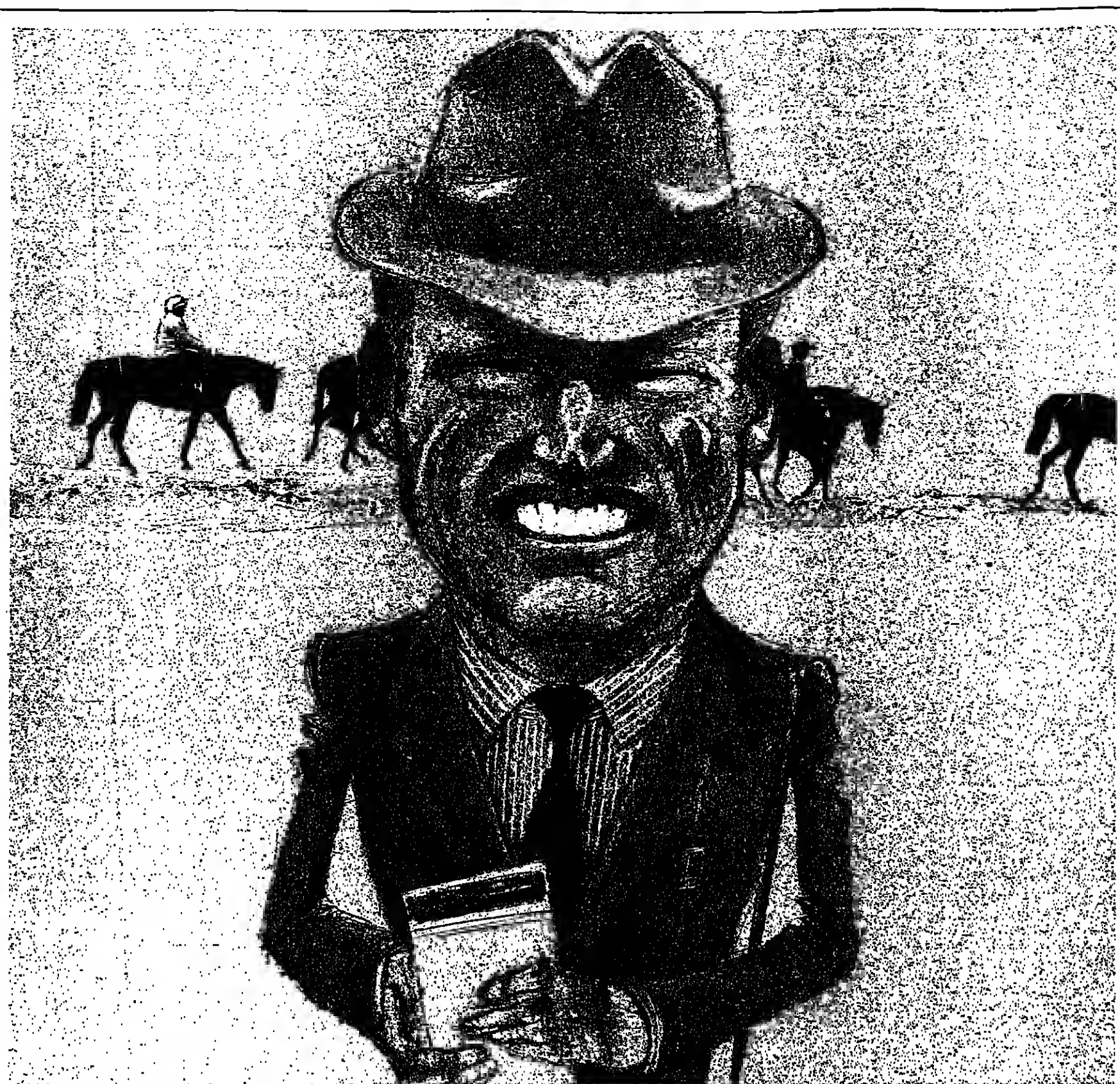
no profit margin - in training fees. All you're attempting to do [with fees] is break even. Your overheads are mostly labour. A great many trainers operate at a loss on running costs, and hope to make it up in prize money, or betting, or trading - buying and selling horses. One of the saddest things is that when you have a nice horse you are sometimes forced to sell it, because the money offered is so great that to keep it would be too great a risk. "Horses are commodities. They are [portrayed] as a medium for entertainment, enjoyment and everything else, but at the end of the day they are a commodity." Some horses, says Gosden, are sold at peak value, but many are sold well short (or beyond) it, such is the lottery of racing."

Does he make much money by trading horses? "In America I used to. Half my turnover in America was horses. There was a great deal of money in it, particularly through the 1980s. But I'm far less involved in trading now, since I principally

train for owner-breeders, which means they breed their own horses. These are rich people who are trying to develop family lines. A lot of the good horses go back into the studs. They're not sold, so the emphasis of my business is now very different."

Does he bet? "Not really. I've got so many other things to think about. To bet, you need to spend a great deal of time analysing the form, knowing all the horses inside out. You must also stand back and be objective. The most successful gamblers are the ones that are able to go racing for two or three days and not have a bet. I would only ever have a bet if there was a horse I really liked floating around at 8-1. I might have a little bet for fun, but that would be all."

By coincidence, bookmakers have been quoting Benny The Dip at 8-1 (or thereabouts) for today's Derby ever since he won the Dante. I have backed him with good money. Money stoutly earned. We will sink or swim together.



Motoring

Dame Barbara's passion for speed

John Griffiths recalls how the queen of love stories raced at Brooklands, which is now being restored

The Barbara Cartland room is not what a visitor might expect: the pink she is passionate about is evident, but not overwhelming, and there is no bucket for mascara and brush. But this is not the Dame Barbara Cartland of a thousand imagined romantic novels. Instead, the room, which lies within the clubhouse of the Brooklands Motor Museum, recalls the time the novelist drove not a pen but a racing car.

In the 1930s, much of Dame Barbara's life was centred on Brooklands, around those who drove like dingbats and lived life on the edge. In 1931, she organised - and took part in - perhaps the most remarkable motor race for women ever.

The blast around Brooklands' notoriously high and lethal banking was won by royalty (Princess Georgia Imeretinsky). Other contestants with royal links included a certain Wallis Simpson - for whom, five years later, a king abdicated.

Organised in response to a dare from the "Bentley Boys" - a group of amateur drivers with strong links to the Bentley car factory - the whole episode symbolised a world of carefree wealth and high spirits that was lost forever when war broke out just a few years later.

This year, the museum is celebrating the 50th anniversary of Brooklands, the first purpose-built motor racing circuit in the world. Set in leafy Surrey, near Weybridge, its original 360 acres have shrunk now to 30. In its heyday, though, it was the social centre for all motoring activity between the wars.

But Brooklands was much more than just a place for mayhem on wheels. It also lays claim to being the birthplace of British aviation. Indeed, 320 acres of the original site survived as a production base for British Aerospace (BAe) until just 10 years ago.

Around 18,000 aircraft, of nearly 250 types, have been built and flown from the site since the first trials by A.V. Roe almost 90 years ago. The lineage stretches from an early biplane all the way to Concorde. And the dual heritage greets visitors like an enveloping aura from the moment they walk through the gates.

Even today, Brooklands lives and breathes its past. In a hangar across from the main clubhouse complex - almost unchanged from the motor racing days, and scheduled as an ancient monument - enthusiasts are completing the restoration of "R for Robert".

Built at Brooklands, and the only surviving Wellington bomber to have been used in active service in the second world war, it was fished out of Loch Ness, in Scotland, in 1985 and brought "home" after almost 45 years submerged. Two years ago, the more elderly living within earshot heard something that took them right back to the war years - the roar of a Hawker



Still spritely: 300 classic cars, including this Austin Healey, were driven from Brooklands to Silverstone in last month's rally. *Fergus Wilson*

Hurricane fighter taking off. Hurricanes were the mainstay of the Battle of Britain and many were built at Brooklands, which proved a target for the Luftwaffe. A raid by German bombers one night killed or wounded 500 workers. This particular Hurricane has also been rebuilt at

Brooklands. It was acquired by Brian Anglia, the former owner of A.C. Cars (of Coora fame) whose factory still adjoins the museum site. It is of motoring, however, that Brooklands positively reeks. Not much of the famous banking is left but the clubhouse complex remains, including the petrol

pumps outside and the office of the clerk of the course. Much of it looks as if its occupants had merely popped out for tea - although that would have been 60 years ago. Appropriately for a complex nestling in the heart of a stockbroker belt, it still exudes the genteel feel sym-

bolised by its elitist 1920s advertising slogan: "The sign. Crow and No crowing." (This has now been adopted informally by the Earl of March for his own modern-day motoring extravaganza, the annual Festival of Speed at Goodwood in West Sussex. Brooklands was, as Goodwood has

become, motoring's equivalent of the Royal Ascot horse-racing meeting each June.)

It is less than a decade, however, since Brooklands was given its new lease of life. Much of the site was decrepit and neglected when it was merely part of BAe's industrial operation.

But things changed when property group Trafalgar House and BAe formed a partnership in 1990 to develop the sprawling site. Planners agreed to a trade-off: commercial property could be built on much of it so long as Brooklands' heritage was retained - and revived. It proved the kiss of life for the old buildings and hangars.

The Brooklands Museum Trust, backed by motor and other industries and led by director Morag Barton, was quick to act. Gallagher, a major tobacco group with offices on the site, spent hundreds of thousands of pounds on restoring the clubhouse and a section of the circuit.

Leading motor industry figures joined in. Walter Mayes, then chairman of Aston-Martin, became the museum trust's first new-era chairman; and Brooklands became a protégé of the modern motor industry. Business and other "friends" of the trust include such names as Rolls-Royce,

Burmah Castrol and British Airways: there are now around 4,500 of them, says museum marketing director Roger Ramage. There were some 90,000 visitors last year and he predicts there will be 130,000 annually by 2000.

In two to three years, restoration of the entire motoring "village" will be complete. Ford, the Royal Automobile Club and British Racing Drivers' Club are leading an exhibition project celebrating the UK's world-leading role in grand prix events. Then, too, Ramage points out that the museum trust is encouraging the adventurers and engineers of the future. An average of 150 pupils a day arrive on organised learning trips.

At the end of May, Brooklands became vividly alive again as nearly 300 classic cars, ranging from a 1932 Riley to a 1977 Morgan, set off on the Norwich Union Classic, a rally ending at Silverstone, Northamptonshire. With nearly 2,000 entrants starting from all over Europe, this has become the largest of its type.

In September, the still-working runway will see aviation's equivalent: a massive fly-in by classic aircraft, including Hurricanes and Spitfires.

One former role of Brooklands, however, can never be recreated. The third and final world land speed record to be set there was in 1922 at 127 miles per hour.

But the present record-holder, Britain's Richard Noble, says his new SSC car will reach 850mph this year. Even ardent Brooklands' enthusiasts admit that catering for this might be beyond them.

COLLECTING



'Audience de Tribunal', oil on canvas by J.L. Forain, available from The Leicester Galleries at the Grosvenor House Fair



'Speeches Tying Her Shoe', oil on canvas by Laura Knight, also available from The Leicester Galleries

London is hanging on by the skin of its teeth to the traditional boast of being the fine art and antiques capital of the world. If you put together the presence of the largest international auction houses, the number of top rank dealers (to say nothing of second and third rank traders), plus the ever-changing exhibitions at the myriad museums and public galleries, a strong case can be made.

But, steadily, Sotheby's and Christie's are choosing to sell their most expensive works of art in New York, and the trade, from art dealer Wildenstein to oriental specialist Eskenazi, is following the money to Manhattan. This makes the next three weeks, when London indubitably reigns supreme, even more important for the prestige, and profitability, of the British antiques trade.

Last Thursday the UK's largest quality antiques fair opened at Olympia, and next Thursday the highest quality fair of the year takes over the Great Room at Grosvenor House. Throw in the major summer Impressionist, modern and contemporary art sales at Sotheby's and Christie's, and impressive shows at many of the galleries, and London in June is the only place to be for anyone seriously inter-

Summer in the antique city

The next three weeks are crucial for the prestige of the British fine arts trade, says Antony Thorncroft

ested in art and antiques.

In recent years, both the Olympia and Grosvenor House fairs have changed mightily. Olympia has expanded to the bursting point of exhaustion for the visitor, but although coming to grips with more than 400 dealers taxes even the most indefatigable, the sight of such an array of antiques is undeniably impressive. Olympia is the world's grandest car boot sale.

Many provincial dealers achieve a third of their annual sales at Olympia, and hold back their best pieces to tempt the anticipated 40,000 visitors. It is the best shopping mall for antiques to furnish a home - for a Georgian dining table and chairs, a Victorian silver teapot or a decorative landscape painting. There are scores of competing examples.

There are also oddities. This year's theme is the Queen's Golden Wedding Anniversary, and "gold" and "royal" are the buzzwords. John Bly is offering a gilt armchair, made around 1845, which Queen Victoria used on a state visit to the provinces. Baldwin has discov-

ered a set of embossed brass tobacco boxes intended as a Christmas gift from Princess Mary to the troops fighting the first world war, while Alistair Sampson has a pair of gilt and copper medallions depicting William and Mary and dated 1697, three years after Mary's death.

Olympia has cleverly positioned itself to appeal to both new and established buyers of antiques, to shoppers who want to furnish their homes with fine and appreciating objects.

In contrast, Grosvenor House in recent years has struggled to lose its exclusive image, its reputation as the happy hunting ground of American millionaires. These days fewer Americans come over and the fair is finally shedding its glitz, but costly, image. It is still dominated by the big-name dealers in brown furniture and Old Master paintings but, unlike Olympia, it has boldly thrown over date lines (masterpieces of the past 50 years grace some stands), concentrated on dressing the stands of its 88 exhibitors as impressively as possible, and attempted to

provide an array of antiques priced at under £1,000.

This year it is investing almost half its £100,000 marketing budget on a TV spot during *News at Ten* next Friday, hoping to hit home the message that Grosvenor House has objects of appeal for everyone and to boost its attendance above 20,000.

It, too, has a royal theme,

London in June is the only place to be for anyone interested in art

celebrating 60 years of royal patronage with a display of works of art from the royal collection. Inevitably, some of the dealers are cashing in on the royal caché, in particular a first-time exhibitor, Galerie Neuse of Bremen, which is offering a silver ewer and basin made in Augsburg around 1720. It was used as the christening vessel of the Teck family and

helped to baptise Queen Mary and her son, King Edward VIII.

On top of these comprehensive fairs there are the specialist gatherings, the Antiquarian Book Fair, which opens at Grosvenor House on June 26 for three days, and the International Ceramics Fair, which occupies the Park Lane Hotel from June 13 to 16. For the cognoscenti, they are even more exciting than the big events.

All the fairs are optimistic about their prospects. Trade has improved steadily in the past six months, especially for the furniture dealers. Although only the top levels of the picture market have taken off to date, with the big spring Impressionist and modern auctions in New York exceeding targets and bringing in over \$300m, the expectation is that the improvement in the housing market, plus the growth in the economy, must divert some of the surplus cash into home furnishing with antiques.

The idea is that when a masterpiece sells in the auction room for many millions,

the local antiques dealer eventually enjoys a responsive echo. This will be tested on June 24 when Sotheby's offers a Van Gogh watercolour "Harvest in Provence", which carries an £8m estimate. If it sells, it will be the most expensive modern picture sold in Europe since 1990. Two days later, an interesting Francis Bacon, "Man in a Chair", is on offer. It was bought in 1953 by the students of Pembroke College, Oxford, for a couple of hundred pounds. It should now make over £500,000.

Christie's cannot compete with pictures but it has the best furniture and on July 3 the most expensive pair of chairs ever commissioned from Thomas Chippendale come under the hammer. They were designed by Robert Adam. "The Dundas Masterpieces" could raise £1.2m, as against the £20 Chippendale originally charged for each one. A matching pair of sofas is estimated at up to £1m.

There are some dealers who eschew fairs. They reckon the cost, which can exceed £50,000 for a prime site at Grosvenor House,

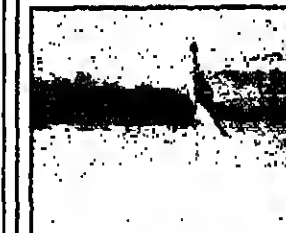
might be better invested elsewhere. Agnews, for example, has withdrawn from the fair but this month mounts a major display of the work of Sidney Nolan, the Australian artist.

Eskenazi has never shown at a fair, but is offering Chinese Buddhist sculpture in Clifford Street, Marlborough, another major dealer that avoids fairs, has just unveiled a display by the leading contemporary Chinese artist, Chen Yifei, a master of super realism. However, Richard Green, London's largest picture dealer, is managing to display Old Master paintings in his main gallery while keeping back works by Pieter Breughel the Younger, and others at Grosvenor House.

And so it goes on, with The Chair Set of Richmond holding a distinctive exhibition of "Chairs through the Ages", ranging from 1680 to 1900. This confirms that antique hunting should not be confined to central London. The Cotswolds offers as wide a range of goods as the capital, often at lower prices. On the way west, in the Chilterns, there is Country Seat,

near Henley, the UK's leading dealer in 19th century furniture. With Georgian and Regency becoming expensive and rare, the work of the best designers of the Victorian era, notably Pugin, Holland and Gillow, are increasingly sought by discerning collectors. Country Seat's show, *Rival Styles*, reveals how Victorian furniture makers drew on Gothic, Egyptian and Classical models for inspiration.

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BOOKS

A failure to learn the lessons of history

Jurek Martin considers a dissection of Prohibition's effects on the United States

Much of Ed Behr's long career as a journalist and author has been spent outside his native America. He has reported on Asia, Africa and Europe, especially France, but now, like other expatriates before him, has returned home, in this case to dissect the extraordinary historical phenomenon which made it virtually illegal to consume alcohol in the US from 1920 to 1933.

He draws two broad conclusions from his study. First, as the book's sub-title underlines, Prohibition encouraged the habit of law-breaking, aided and abetted by corruption, to the point that it has become ingrained, even glorified, in the national culture.

Second, America, more than most countries, appears condemned not to learn from the lessons of its own history, including such clear

disasters as Prohibition which sought to legislate morality. Although he makes no direct reference to it, protagonists on both sides of today's abortion wars could do worse than ponder his analysis.

His book bears many of the strengths and weaknesses of those produced in association with television series, this one recently aired on the BBC. It is excellent on the vividly anecdotal and personal, but sometimes at the cost of hyperbole and the loss of a little perspective (political corruption, after all, was as refined in 19th century America as it was during Prohibition).

But it is both entertaining and instructive to read again

of the half-forgotten life and times of men like George Remus, the infamous Cincinnati bootlegger who murdered his wife but was acquitted on grounds of insanity, and "Big Bill" Thompson, the three-time Chicago mayor who was gangster Al Capone's stooge.

There are good passages, too, on the long lobbying campaign that culminated in the passage of the 18th Amendment to the Constitution, embodied in the Volstead Act. That was the work of an improbable coalition of radical women long exercised by the damage that alcohol could wreak on families, big industrialists such as Henry Ford and John D Rockefeller keen on

a booze-free labour force, and politicians out for the main chance, all artfully co-ordinated in the crunch by Wayne Wheeler, lobbyist for the Anti-Saloon League.

Timing also played its part. US entry into the first world war put previously influential immigrant German brewers on the defensive. Wheeler urged the federal government to investigate "a number of breweries around the country which are owned in part by alien enemies." With the war over, the ASL demanded that temperance reform must be recognised in the reconstruction programme of the several nations of Europe.

America's external rela-

tions were strained by Prohibition, much as they are today by the trade in narcotics. French wine and Scotch whisky producers either smuggled liquor in directly (thus enriching many poor US fishermen) or shipped to

PROHIBITION: THE 13 YEARS THAT CHANGED AMERICA
by Edward Behr
BBC £17.00, 256 pages

Canada for movement across the border. Some foreign diplomats in Washington even dealt in alcohol, though as late as 1929 Sir Esmé Howard, the British ambassador, continued to ban it from official receptions (his

staff staged a huge party when he was replaced.)

Prohibition did briefly appear to play public health and other dividends. The death rate from alcoholism was cut by 80 per cent by 1921 from pre-war levels, while alcohol-related crime dropped markedly, leaving prisons under-populated. But poisoning from adulterated liquor soon became a blight, by 1927 causing as many as 50,000 deaths and many more injuries and impairments, while organised crime, reaping fabulous profits, operated with increasing impunity and violence.

Finally, however, Prohibition, which started with loopholes, basically failed because it was unenforce-

able. By 1926 half a dozen states, including New York, had passed laws banning local police from investigating violations.

Federal and state judiciaries, both the honest and the bought-off, became increasingly reluctant to try offenders. Mabel Willebrandt, for eight years an incorruptible deputy attorney general, lamented on retirement in 1928 that "a large part of my time and energy was devoted to prosecuting prosecutors."

The weakening of the national economy in the wake of the stock market crash of 1929 meant state governments began seriously to miss the liquor tax revenues they had been denied. In 1933 Franklin

Roosevelt, who never disguised his fondness for martinis, campaigned on making beer legal again in order to tax it.

In the end, Prohibition subsided in 1933 with more of a whimper than a bang - the 21st amendment repealing the 18th - because it seemed irrelevant as public policy focused on the Depression. Even John D Rockefeller, "a teetotaler on principle," recanted, observing in 1932 "drinking has generally increased, the speakeasy has replaced the saloon; a vast army of lawbreakers has been recruited and financed on a colossal scale."

Thus a moral cause begat immoral consequences, many of which live today and flourish, as with narcotics, on a global scale. As Ed Behr reasonably concludes: "Those who know no history condemn themselves to repeat it, either as tragedy or farce."



A tiny heaven or a claustrophobic hell? The South Sea island of Pitcairn, a remote outpost halfway between New Zealand and Peru

Sun, sea, solitary confinement

Harry Ritchie admires a brave portrait of Pitcairn's unique and often baffling culture

I blame Mel Gibson. One grey, grim afternoon in south London, Dea Birkett bunked off to the cinema and watched Gibson and Anthony Hopkins star in *The Bounty*, the most recent of Hollywood's many films about Fletcher Christian's rebellion against Captain Bligh.

True to Hollywood tradition, the film ended with the Bounty mutineers and their Tahitian women landing on Pitcairn and burning their boat. As people filed out of the cinema, Dea Birkett watched entranced by the credits as they carried the explanation that the descendants of the mutineers still lived on Pitcairn. She resolved to go there.

From the little she could find out, Birkett gathered that Pitcairn was a tiny Eden, a place untainted by the outside world, innocent of crime, a place where the 38 hale, hearty and friendly inhabitants led a happy, natural existence, followed the edicts of their faith (Seventh Day Adventism), and spoke a charming pidgin of Polynesian dialect and 18th century English.

Her background reading did not take too long because very few people have even seen Pitcairn, let alone spent any time on this tiny

and remote outcrop halfway between New Zealand and Peru. Many people have shared Birkett's dream of living there, but all requests to emigrate to the island have been denied. She persisted for two years before receiving her permission, gaining a berth on a Norwegian tanker.

After she jumped precariously into the Pitcairners' longboat, she was greeted by all the islanders and hustled off by Irma Christian, her landlady. Birkett allowed herself to look forward to a lazy, sun-filled idyll in paradise. But almost immediately she found herself going to parties, working in Irma's house, and joining a harrowingly dangerous expedition to the "neighbouring" island of Henderson, more than 100 miles away, where the islanders collect wood for carvings which they sell to passing ships.

Life with Irma, her husband, Ben, and 26-year-old son Dennis, proved notably unrelaxing, not least because Irma is forever scampering around, fussing, clucking and checking her supplies - of which there are many, because one of the extraordinary features of the Pitcairners' lifestyle is that the understandable fear of shortages

has encouraged dedicated hoarding.

Irma's kitchen looks more like an electricity showroom with all its equipment, and her parlour is piled high with whatever food she has acquired from supply ships.

Birkett gets on famously with gentle, elderly Ben Christian - a direct descendant of Fletcher - but, in spite of her best efforts to

SERPENT IN PARADISE
by Dea Birkett
Picador, £16.99, 299 pages

ingratiate and fit in, is baffled and bemused by Irma and Dennis, and almost every other islander. This is partly because, cut off from the rest of the world - the nearest phone is 3,300 miles away in New Zealand - Pitcairn has developed an extremely odd culture.

Islanders are adamant, for example, that sharks are harmless and that while their faith forbids frivolous reading on Saturday (their sabbath), back issues of *Reader's Digest* do not count because those are religious texts. Their faith also consigns islanders to spurn the succulent crayfish only to use them as bait for a particularly

bland and bony fish. On Saturdays, they listen to preposterously irrelevant sermons warning them against the evils of television and money, neither of which are available on Pitcairn.

More pressingly, Birkett becomes increasingly uncertain about her own standing in the community. One minute she seems to be liked, the next she overhears yet another dismissive or hostile remark about "Debbie", as the islanders insist on calling her. There is no escape from the endemic bickering and politicking: on the one occasion when she heads off on her own to a corner of the island furthest from the "capital", Adamstown, she is pursued by a frantically anxious Irma and Dennis.

Nor does she help matters when she has a very brief fling with the most handsome islander, a man called Nigger. Dennis's mood-swings grow ever more volatile, gossip abounds, the air of tension increases to the extent that, justified or not, Birkett begins to fear for her life.

While all this covert drama is building, Birkett manages to provide a brilliant portrait of a unique culture, of an island which is far from paradisaical. Pitcairn is, she

comes to realise, a prison where the 38 inhabitants are condemned to a life sentence doing what they have always done. Birkett conveys all of this and much more with startling skill, never overstating her case, allowing incidents and impressions to speak for themselves.

One incident occurs when Karl tells Birkett about her hatred of Pitcairn and abused the islanders' hospitality by relaying intimate details and criticising the place because it has failed to live up to their preconceived idealised notions.

Birkett is obviously painfully aware that she can stand accused of prying and tottling. In publishing this book she is indeed encountering a real ethical problem: basically, the question of intrusion faced by travel writers becomes increasingly pertinent when they visit small communities, where people will be identifiable and where every last detail of the resulting account will be taken to heart.

It says much for the quality of *Serpent in Paradise* that Birkett is justified in publishing her frank and often disturbing account.

was mixed up getting down and feeling hot, HOT, HOT."

Unfortunately, I found myself skipping large chunks of *Deadmeat* whenever Froggy showed up. Froggy is important to the plot. But Froggy's way of talking slows the action to snail-pace. "If me an yu do somthing togetha it's goin tu be big ah can feel it," waffles Froggy at one point. "Ah can cut yu en tu DIS. Ah ave tu mek mi own tracks. Yu get me? Willow ah back mi up in, ah use moni from im plug hoperation... Ah can use im LOCK-UP an heny ah im car dem. Ah can't LEK Bones jus use mi. Ah want RISPER."

Dis is tedious. No wha ah MEEN? But there is hope for Q. Deep within *Deadmeat*, a pretty good thriller is struggling to get out. I suspect that the problem is Q's absurd "woods". They are messin' with his brain. He should dump them and get some ordinary shades.

Too cool to be hot stuff

Fiction / Michael Thompson-Noel

London is said to be anticipating a boom in cool "black fiction" written by young, street-smart blacks able to move and groove at a level of the literary either inaccessible (because of wanness) to young, cool, street-smart writers who are merely white.

It sounds exciting. But it is just a load of cobblers, at least to judge from *Deadmeat*, which was written by a young, cool, smart, black north-Londoner called Q. That is what he calls himself - "Q stands for quality", he told an interviewer drolly. Even his parents call

him Q, as well as the people who hang out in clubs and some of those who don't.

I wanted to like *Deadmeat*. This was not because I've met Q, I have only read the bumf, but then everything the bumf sounded really cool. Q, for example, does not wear ordinary shades. He wears "woods", spectacles made of wood with tiny slits to see through. He also wears (or used to wear) African pillbox hats, tracksuits and black gloves. The black gloves "go with the flow, you know".

The main reason I wanted to like *Deadmeat* was that Q originally printed, published, marketed and sold it himself, in four installments - a couple of booklets, then an

audio cassette and a video. Four years ago he told an interviewer: "I'm realistic. We live in a culture where there is institutional racism [but] I decided it's not going to get me down. I know I have a certain amount of talent. I could send the manuscript round to loads of publishers [but] why should I bother when I can publish it myself and sell 5,000 copies?"

Now, however, *Deadmeat* has produced *Deadmeat* in an attractive, hand-sized book format that you can buy in bookshops. You might even enjoy it. It is basically a thriller, written in rap-style which Q, so cool, calls "auto-repography". One of the characters, Bones, a multimedia artist, is murdered,

after which two of his friends, one of them just out of prison, get embroiled in a cyber vigilante's murderous hunt for paedophiles via the internet.

Deadmeat, claims its publi-

DEADMEAT
by Q
Scorpio, £6, 460 pages

cists, is written in language that is a mix of English cockney street slang and hip Jamaican patois, the novel (they aver) being "a testimony to contemporary London youth, their scene, lifestyle and aspirations". Parts of it are humorous, and there is a description of ravers at a club which dem-

onstrates what Q is capable of. "It was a melting pot in there," he writes. "Everybody was shocking out. There were black people, white people, yellow people, wearing black leather, yellow leather...redhats, hot pants, afros, flares, beehives, crewcuts, platforms, winklepickers, bobs, loafers, kangols, applejack bats, argyle socks, suede Flis, Adidas, Nike, Converse, Air Jordan, Michiko sneakers, YSL, D&G, DKNY, Stone Island, Q shades, crushed velvet knickers, Minister Farrakhan ties and badges...alien zips, ribbed rubber underwear, suspenders and lace, see-through fabric, sports bras, speedo swimtops, cod pieces, pouches...everyone

Big Mac hits back

One out of every 12 American potatoes is turned into a McDonald's french fry and one in 12 British cows ends up in a Big Mac. An estimated 35m people a day eat at McDonald's 21,000 burger joints in over 100 countries. One in 10 young Americans are reckoned to have got their first taste of work serving under McDonald's Golden Arches which have overtaken the Christian cross as the second most widely recognised symbol in the world. (The Olympic rings are the first).

When a company is as successful as McDonald's it is bound to create a few enemies. Some cannot stand the choice of relish on its burgers, others hate the methods it uses to target kids, and then there are those who believe that McDonald's symbolises all that is wrong with the capitalist system.

Helen Steel and Dave Morris, a couple of anarchists from north London, belong to the latter group. However, it would be wrong to say that they selected McDonald's as the prime target for their life's work. Rather they were singled out by McDonald's for criticising its life's work by handing out leaflets entitled "What's wrong with McDonald's". At the end of the book one is still left with the nagging question: why did McDonald's launch the case?

The net result has been the longest trial in English history, at least one TV mini-series, an internet complaint site which is accessed 1.5m times a month, and John Vidal's book, *McLibel*. And that is before the judge has even announced his verdict on a trial which Auberon Waugh once described as the "best free show in town".

The trial, according to Vidal, the Guardian's environment editor, was a mixture of a Greek tragedy, a Carry On film and a post-mortem in industrialism. It had a potentially strong cast list. The judge, Mr Justice Bell, starts off as a good guy with a "reputation for great kindness and sense". However, by the end of the book it sounds like he has fallen under the spell of Richard Rampton, McDonald's QC and one of Britain's best libel lawyers. Rampton, described as a "great judge of judges and reader of juries", comes across as a tough piece of work.

Unfortunately, Vidal has had more difficulty pigeon-holing the rest of the cast. McDonald's refused to talk to him and Morris and Steel were not inclined to share their innermost thoughts, even with a journalist from the Guardian. Vidal describes them as "complex characters" who are keener to "make statements about the world rather than themselves".

Steel, a bar worker and former gardener, and Morris, a single parent and former postman, had drifted from one lost cause to another. They met on a blockade of the City of London (it failed),

moved on to raising money for striking miners and so on were sharing the same East London house and working the same allotment. The one missing link in their heroic struggle was that they did not end up in bed together.

Nevertheless, they began to drift apart. Steel was more interested in protesting in Berlin against the IMF while Morris was organising resistance to the poll tax when he was not nursing his partner and baby. Then in September 1990 Steel and Morris, plus three other members of London Greenpeace (no relation to the bigger Greenpeace) received writs from McDonald's - apologise or be sued.

Morris's first inclination was to go with the majority and submit. However, Steel refused to apologise for something she did not believe in and this impressed Morris. "Politics is not a luxury," explains Morris. "It's an essential...you've still got to go to the toilet, you've still got to eat and you've still got to fight the system".

MC LIBEL
by John Vidal
Macmillan £15.99, 357 pages

With these fighting words Morris and Steel devoted the next six years of their life to taking on one of the world's most successful multinationals. The trial, according to Vidal, pitted two philosophies against each other. Two ways of eating, of treating the planet, two codes of conduct for dealing with people, animals and the environment. Morris and Steel, who were put at a tremendous disadvantage after they were denied a jury trial, regarded the trial as a test of free speech. McDonald's insisted that it was about its right to stop people telling lies.

Whatever the verdict, this epic struggle has highlighted the urgent need for an overhaul of Britain's libel laws. John Mortimer, author of the *Rumpole* books, describes the trial as "ponderous and leisurely sledgehammer that has been trundled out to crack a nut" and Vidal says that the case has shown how difficult the law has become for people representing themselves.

But it has also highlighted a serious weakness in McDonald's ambition to put down firm roots in the countries it invades. Here is a company which has become far more successful in selling its product overseas than in its home market.

It is opening over 50 new outlets a week, and three out of four are outside the US. Yet it has completely misunderstood one time-honoured British tradition - an acceptance of harmless eccentricities. Steel and Morris, with their oddball ideas, are much more a part of Britain than McDonald's. Their successors will still be ranting and raving on Britain's high streets long after the last McDonald's golden arch has been dismantled.

William Hall

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BOOKS



Psychiatric disorder or imaginary illness? A late 19th century drawing of women patients in a French lunatic asylum

The hysterical hot zones

Jackie Wullschlager on a politically incorrect account of the cultural roots of anxiety

Do you believe in alien abduction or satanic ritual abuse? No, all in the mind, you say. What about recovered memory of childhood molestation or multiple personality syndrome? Perhaps, you say, but aren't therapists putting ideas into people's heads? And Chronic Fatigue Syndrome (ME) or Gulf War Syndrome? Yes, you say, here people are not imagining disease, but we don't have enough medical evidence to understand them properly.

In an inflammatory new book, Elaine Showalter unites these six modern "epidemics of hysteria", which she calls hysterics, and argues that we live in a hysterical hot zone where "hysterical disorders, imaginary illnesses, rumour-pandemics and hypnotically-induced pseudo-memories... seem to be reaching a crescendo as we approach the millennium".

The hysterical response in America to Showalter, an eminent Princeton professor, has backed up her argument. She has had death threats, hate mail, and denunciations by fellow academics. Is her book an insult to millions of ill and distressed people, a too-clever conflation of six separate issues by an out-of-touch academic, or a brave and enlightened insight into a *fin-de-siècle* malaise?

Showalter's thesis is simple and clearly argued. Physical symptoms such as the constant tiredness of Chronic Fatigue Syndrome, or memories of abuse, are the result of emotional problems rather than organic causes or actual events. Patients blame external factors because they seek to dignify their suffering by medical labels in a culture which distrusts psychosomatic illness as morally weak.

Yet "throughout history, hysteria has served as a form of expression, a body language for people who otherwise might not be able to speak or even to admit what they feel". Hysterical plagues are "a cultural symptom of anxiety and stress", which have always been rife at the end of centuries – Freud's hysterical women in the 1890s, a mesmerism craze in the 1790s, Salem witchhunts in the 1690s.

Showalter is a literary critic and a medical historian, and the electric parts of this book are not the ones that have infuriated American lobby groups of Chronic Fatigue Syndrome or incest survival, but those where she sets hysterics in cultural and literary context. To become an epidemic, she says, a hysterical illness needs three things: a pool of vulnerable patients, doctor-enthusiasts, and a supportive environment. Anorexia is a classic example. Fasting behaviour had been observed for centuries, but not till the 1970s did an epidemic develop, when the three conditions were met – a pool of susceptible adolescent girls; a gifted physician advocate, Hilde Bruch who studied the disease and wrote a bestseller, *The Golden Cage*, about it; and a society obsessed with thinness, dieting and exercise.

Of course this is valid, but you have to be careful where to apply it. Recovered memory syndrome, with its pool of depressed patients, its therapist-advocates, and a feminist culture where women feel at once vengeful, empowered and sexually confused, fits Showalter's model exactly. I think she is right that typically a woman confabulates memories

because she has become isolated and depressed due to current life problems, and an honored authority told her repressed memories of incest are a common cause of deep unhappiness, but there are other cases where abuse has happened and its effect is traumatic. This issue is impossible to unravel until we know more about levels of childhood abuse, about how individual fantasies and cultural norms interact, about whether it matters, for treatment, if a memory is true or false.

The roots of this problem go back to the start of psychoanalysis, when Freud first saw hysteria as caused by childhood incest ("premature sexual experience"), then was so appalled at its apparent prevalence that he decided patients were telling him Oedipal fantasies, not memories. The case is still open.

The trouble with Showalter is that she is so adept at identifying cultural-historical patterns, that she cannot resist constructing order out of contemporary chaos. But the six hysterical disorders she discusses here do not form a pattern: they have different origins, afflict sufferers in different ways, and, crucially, we are not in a position to make judgments about several of them until we have more evidence. So while her historical contexts are refreshing – for example she traces a line from first world war shell-shock through post-traumatic stress syndrome following the Vietnam War to Gulf War Syndrome today – it is rash and impudent to con-

clude from them that Gulf War victims are suffering only from emotional stress, and not from possible effects of chemical warfare. And though her waspish linguistics are pertinent – the professional name for Chronic Fatigue Syndrome, myalgic encephalomyelitis, she says, "sounds impressively medical, serious... as if it could be fatal" and thus cheers up confused sufferers, but its acronym ME "ironically emphasises the patient's self-absorption" – they do not carry the weight of proof that they would do in critiques of literary texts.

As Roy Porter has written, hysteria is "a history in which the very notions of mind and body, and the boundaries and bridges between them, are constantly being challenged and reconstituted". *Hysterics* is an exhilarating book which jobs politically incorrect cocktails in all directions, but, in typically American tradition, is too concerned with finding answers to maintain its scepticism, and too keen to promote its own apocalyptic message about hysteria to accept the ambiguities of its subject.

However, it is important and impressive in opening up a debate, and reminding us of the psychological relevance of history. Looking back on the witch trials of *The Crucible*, Arthur Miller wrote: "We can only pity them all, just as we shall be pitied someday. It is still impossible for man to organise his social life without repressions, and the balance has yet to be struck between order and freedom".

But Ranton has created one magnificently convincing character in Sheikh Matab, a middle-eastern ambassador whose main interests are gambling and operating a shoot in Sussex. He and his brother have killed off their father, but Matab gets his come uppance after being held responsible for an "accident" reminiscent of Isabel Colegate's *Shooting Party*.

Hostage to Fortune is really a plea for European union. Some of the episodes are bizarre – for instance riots and unemployment in France and Germany which can only be relieved by Britain riding to the rescue and joining European Monetary Union. Nor is a British premier likely to be thanked for turning the tables on his opponents and bringing sterling into the Euro at a much higher rate than the market expected.

It would nevertheless be a hard-boiled reader who could remain unmoved by the European idealism of prime minister Bishop. In many ways an archetypal upper-class Englishman, he is nevertheless worried by the insensitive portraits of Waterloo and Trafalgar which greet a French president addressing the British parliament.

Dobbs's hero, Thomas Goodfellow, does not aspire to these heights. He has been steadily moving downhill after losing ministerial office through hypocritical media publicity over a minor drink-and-drive incident. Dobbs may find him more difficult to sell to television channels than Francis Urquhart, of *House of Cards*, with his cynical soliloquies to camera.

Dobbs's real target is a villainous media tycoon, Freddy Cursa, who can manipulate a Tory government around his little finger. He may even understand his case. For Cursa is ultimately driven only by money. Unbeknown to his victims he is on the verge of bankruptcy; shadows of Maxwell will haunt such books for many years. Unfortunately press tycoons are too often not just after money but after power without responsibility, which a real prime minister, Stanley Baldwin described as "the privilege of the harlot down the ages".

Maybe under Tony Blair Britain will get a decent press competition law and government whips will be instructed to refrain from playing dirty tricks on troublesome backbenchers. Maybe pigs will fly.

Jon Turney

Samuel Brittan

Thrillers Heroes and harlots

I have to admit that I read each of these books almost at a sitting, far more quickly than many of superior literary production. Both are polemics disguised as political thrillers. Both are about good people who are almost brought down by sordid forces. Both heroes have their lives made miserable by alienated wives who have turned that way after the loss of a child in an accident.

Michael Dobbs is a professional who establishes credibility, at least according to the rules of this genre. Tim Ranton is a real-life Conservative politician, who has held several ministerial posts and was chief whip at the time of Margaret Thatcher's downfall. But Ranton is relatively new to the trade of novelist; and it is not surprising if some of his characters are pastboard and the plot requires much willing suspension of disbelief.

In Ranton's case a prime minister, Jim Bishop, is threatened by a villainous chancellor in league with an equally ill-disposed governor of the Bank of England who contrive to bring about a sterling crisis and to remove the gold reserves from the vaults to prevent them being handed over to a European central bank. Alas, they do not make governments like that nowadays. Maybe Ranton is thinking of the Culliford-Lloyd George spat in the first world war when the prime minister threatened to remove the government's account from the Bank.

GOODFELLOWE MP
by Michael Dobbs
HarperCollins £16.99, 255 pages

HOSTAGE TO FORTUNE
by Tim Ranton
Hutchinson £15.99, 255 pages

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Science: is the game really up?

This UK boasts an endearingly predictable pressure group called Save British Science. There are two press conferences they will never call. One would announce that, after 10 ten years of trying, it is clear that British science can never be saved. The other would tell us that, happily, it has been saved, so they can shut up shop.

John Horgan is convinced there is a third possibility, that the game of science will soon be over. All the big problems will either be answered or shown not to be answerable. Any scientists left will be reduced to a kind of *belles lettres*, producing ever more elegant interpretations of theories which generate no new data.

Horgan's profiles of important scientists, and a few philosophers, have been a monthly highlight of Scientific American for some years, and he has interviewed scores of the most interesting people on the planet. But knitting these interviews into a book by

tying them all to this grand theme is largely misguided. He is most persuasive about particle physics and cosmology. In particle physics, the search for a scheme to unite gravity and quantum mechanics – the much-vaunted "theory of everything" – is dominated by ideas about so-called superstrings. Superstring theories are, we are told, aesthetically pleasing, and promising candidates for the grand unification which is the holy grail of 20th-century physics. Just two problems: they are impossible to understand, and untestable.

Incomprehensibility may not matter. If ordinary folks have no real idea what is meant by a theory which describes elementary particles as the product of "the wriggling of loops of energy in 10-dimensional hyperspace", we are probably no worse off than non-physicists in the early days of relativity or quantum theory. Perhaps some inspired translator from mathematics may yet come up with a mental picture of superstrings

which is easier to hold on to. But untestable? That, surely, is more of a problem. The imagined entities called superstrings, quite apart from existing in six dimensions beyond the normal four, are inconceivably small. As many superstrings would fit inside a proton as protons inside the solar system. To stand any chance of

flushing them out experimentally would need a particle accelerator 1,000 light years in circumference. Since the US Congress recently cancelled funding for a machine a mere 50-miles round, this may be some way off.

Cosmology, spinning tales about the tiniest fractions of a second after the big bang, faces similar problems. It is

easy to imagine both these sciences facing a future as mostly marginal intellectual activities, like poetry or – Horgan's favourite comparison – literary criticism. They would be pursued and discussed by an interested few, but rarely attract any wider interest. But what of the rest of science?

Some already have their theories of everything. Evolution by natural selection is the grand unified theory of biology, and is unchallengeable. More recently, the idea that the continents float on giant plates of the Earth's crust, which are continually renewed from below, has unified the earth sciences. But these still leave innumerable problems unsolved. Horgan has to argue that they are all either trivial, or intractable. This, in turn, requires dismissing modern molecular and cell biology, downgrading the prospects for neuroscience, brushing aside the claims of theorists of chaos and complexity to have ideas which may unify the study of how order emerges from disorder – in

THE END OF SCIENCE: FACING THE LIMITS OF KNOWLEDGE IN THE TWILIGHT OF THE SCIENTIFIC AGE
by John Horgan
Little, Brown £18.99, 324 pages

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FT Festivals Guide

A feast for the cultivated

Andrew Clark seeks out the finest performances in the best locations around the world

The winter subscription concert is in decline; summer festivals are booming. From that simple equation, festival directors should take heart. They are the only people in arts administration who can count themselves part of a growth industry. What ever the *fin-de-siècle* woes of classical music, festivals are one of those rare late-20th century cultural phenomena which can look confidently beyond the millennium. The number increases every year. In its latest survey, the American Symphony Orchestra League listed more than 70 summer music festivals in the US - excluding opera and theatre. Closer to home, there are no fewer than 24 registered festivals in Wales and 130 in England, from Glastonbury to Glyndebourne, Peterborough to the Proms. Festivals were once a peaceful respite from year-round routine. Today they are big business. You'll find them everywhere.

Which makes it all the more important for cultural gourmands to know what they are looking for when choosing a summer destination. Fancy a holiday in the sun with some open-air Puccini? Try mixing with the crowds at Verona or Torre del Lago. The buzz of a great city overdosing on the arts? Edinburgh is your place. A peep into history? You can't get better than Drottningholm. Chamber music in the Alps? Verbier has it all.

The festival ideal is to combine the best of the performing arts with scenic splendour and local colour, so that you can relax at your own pace by day and enjoy a spiritual/aesthetic uplift by night. Above all, the setting must be one where performers and audiences loosen the shackles of daily routine, where the day is built around the performance.

And that, for most festival-goers, means taking a holiday. If you want the spade-work done for you, if you don't mind being part of a group, and you're not keen to visit Bayreuth - then you will probably turn to specialist tour operators. The best-known in the UK are Travel for the Arts (0171-483 4466), JMB Travel Consultants (01905-428-001) and Martin Randall Travel (0181-742 3355); each has holidays tailor-made for the festival-goer. You could, for example, try a four-night visit to Munich next month, taking in a new festival production of *Figaro*, a private showing of the palace of Thurn and Taxis, a trip to the Weitenburg monastery on the Danube, a half-day tour of Munich and a backstage tour of the Bavarian State Opera - all for £799.

Some itineraries are less hectic



London on 18th, 1749: the Duke of Richmond's firework display on the Thames followed the premiere of a "grand overture on warlike instruments" composed and conducted by Handel.

but more wide-ranging: Travel for the Arts promotes festival-hopping holidays in the US, taking in Tanglewood, Glimmerglass and Saratoga Springs in New England, or Aspen and Santa Fe further west. Or you could try East Europe: there

have been encouraging reports of the Warsaw Chamber Opera's Mozart festival, where you can see a different Mozart opera five nights in a row, followed by two days in Cracow.

Opera connoisseurs have their own favourite destinations.

Many choose the Rossini festival at Pesaro on the Adriatic coast. Some tour operators bring along an expert to lecture before each performance. At some festivals you'll find self-appointed experts: Bayreuth, Wexford and a handful of others tend to

attract the opera loony - an instantly recognisable species, with a propensity to bore everyone in sight.

The idea of the festival as laboratory, presenting an opportunity to experiment and explore, is fast receding - though there

are a few notable exceptions. The Almeida in London has two unusual opera premieres over the next month. At Kuhmo, contemporary Finnish music rubs shoulders with American music of the past 50 years. Gstaad is making a fresh start with GMD

Kremer: his first programme may not please Gstaad's ageing Memhin-worshippers, but it will open up the festival's horizons. Aix-en-Provence, too, promises radical change - but not until Stéphane Lissner's arrival as director in 1998; this summer, when France's premier festival should be celebrating its 50th anniversary, there will be no festival at all.

Such a solution must have been very tempting to Matthias Bamert in his penultimate year as intendant of the Lucerne festival in Switzerland. The Lucerne concert hall was knocked down at the end of last summer to make way for a new Culture and Congress Centre, which will not be ready till 1998. Should Bamert have simply skipped a year? Audiences and sponsors might have taken their money elsewhere. Should he have opted for a large tent, as proposed by Lucerne's city council? Orchestras like the Berlin and Vienna Philharmonics, on which the festival depends for its upmarket reputation, would have said "no, thank-you".

Bamert scouted round for an alternative - and discovered a deserted steel factory three miles from the city centre, with a rail link to Lucerne's main station. He has had a 1800-seat concert hall installed, with similar dimensions to the Vienna Musikvereinsaal. The surroundings are being spruced up, and Anton Mosimann will preside over the restaurant. Special trains will transport festival-goers free-of-charge to and from the hall.

Bamert has turned a potential headache into an opportunity. In terms of quality, the Lucerne festival can continue uninterrupted - in unique surroundings. Such solutions require imagination; they also need money. Bamert got his sponsors to foot most of the bill, and the Lucerne council paid the rest.

Most festival directors will never face this sort of dilemma, but they would do well to study why Lucerne, with minimal public funding, enjoys such stability. The festival has a backbone of high-powered symphony concerts, for which sponsors are willing to pay dearly. The repertoire may not be adventurous, but these 18 concerts bring in the kind of money that allows Bamert to take risks elsewhere in the programme - in his choice of composer-in-residence, in his chamber music repertoire and youth outreach.

Lucerne's starting-point is commercial: it needs a guaranteed minimum of box-office hits. But its economic well-being is the guarantor of its artistic health. If more festivals were able to establish this kind of trade-off, the international festival scene would grow not just in quantity, but in quality too.

ALDEBURGH

June 13 - 29
Aldeburgh Festival Box Office, High Street, Aldeburgh, Suffolk IP15 5AX, England. Tel 01728-453543 Fax 01728-452715.

Aldeburgh means Benjamin Britten, the Suffolk coast and a quintessentially English festival audience. Highlight of the 50th festival is a new stage work from Mark-Anthony Turnage, Britten's Double Concerto for Violin and Viola, written in 1933 but never performed in his lifetime. All three Church Parables will be performed in one day, and Britten's songs and piano music are well represented.

AMSTERDAM

May 31 - June 30
Netherlands Reservations Centre, P.O. Box 404, 2360 AK Leidschendam, Netherlands. Tel 0031-70-320 2500 Fax 0031-70-320 2611.

The Holland Festival is the most important meeting-point of opera, music, theatre and dance in the Netherlands. The 1997 programme opened last weekend with Richard Jones's new production of *Jenny Holm*, and continues with musical retrospectives of Maurice Kagel and Matthijs Vermeulen, a Bob Wilson staging of Marguerite Duras's *La Mordie de la Mort* and a Russian version of Shakespeare's *The Tempest*.

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ASPEN

June 19 - August 17
Aspen Music Festival Ticket Sales, 2 Music School Road, Aspen, CO 81611, USA. Tel 001-303-925 9042 Fax 001-303-925 3802.

The music school in this Rockies resort attracts leading soloists to teach and play alongside 900 advanced students at a nine-week course of instruction. Within that period there are 150 public performances, many of them free. Orchestral concerts take place in a 1700-seat tent, chamber music events in a new 600-seat hall and opera in a small Victorian theatre. The 1997 festival, the first supervised by David Zinman, includes the US stage premiere of Thomas Adès's *Powder Her Face*, concert performances of Acts 2 and 3 of *Tristan und Isolde* and an 80th birthday tribute to renowned violin teacher Dorothy DeLay.

AVIGNON

July 10 - August 2
Service reservation, BP 482, 84073 Avignon cedex, France. Tel 0033-49014 1414 Fax 0033-49014 1420.

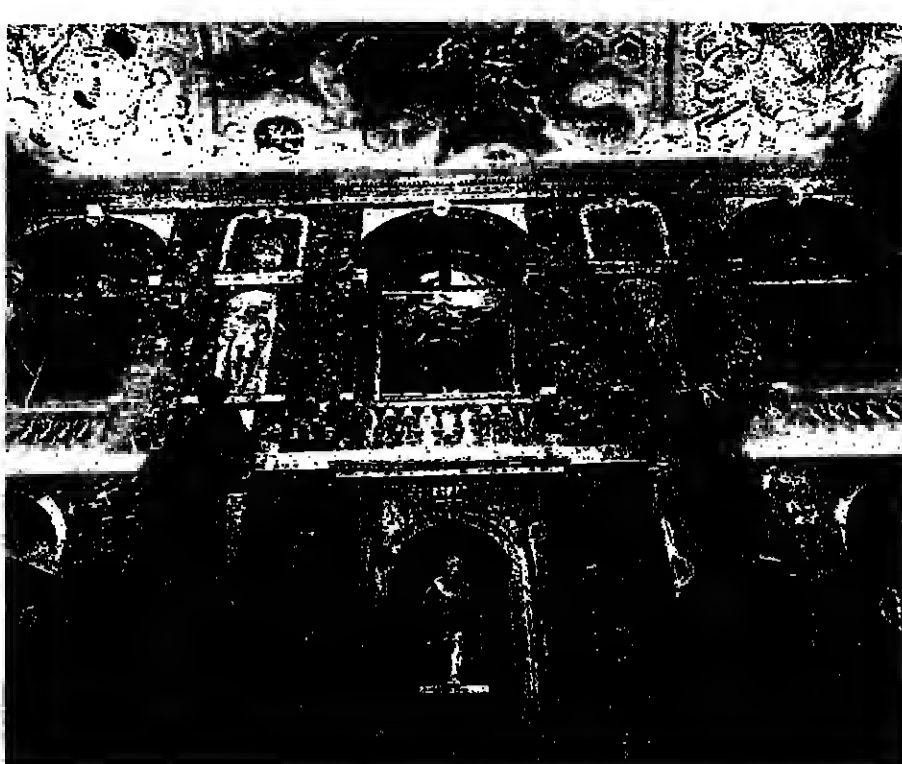
France's leading theatre festival has an eye-catching Russian season at the centre of this year's programme. Piotr Fomenko's Moscow ensemble can be seen in Ostrovsky, Turgenev and Shakespeare, and there is a Molière adaptation by Anatoli Vassiliev. Other attractions include a Hanna Schygulla evening and Marivaux's *The Dispute* directed by French *Wunderkind* Stanislas Nordey. The

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A unique experience: a visit by steamer from Stockholm's harbourside to the beautifully preserved court theatre at Drottningholm, which this summer offers a tantalising double of rare early operas

dance line-up includes choreographies by Angelin Preljocaj and Catherine Diverres.

BAD KISSINGEN

June 20 - July 14
Kissinger Sommer, Postfach 2260, D-97672 Bad Kissingen, Germany. Tel 0049-971-807110 Fax 0049-971-807191.

Situated in north Bavaria, Bad Kissingen is a convenient holiday base for anyone wishing to explore an area rich in history, architecture and picturesque countryside. The town itself is a former royal spa. The 19th century Regentenban incorporates four elegant concert halls, and there is a fin-de-siècle theatre. Guest artists include Peter Schneider, Emma Kirkby, the Endellion Quartet and the Bamberg Symphony Orchestra under Roger Norrington.

BAYREUTH

July 25 - August 28
Karlshof der Bayreuther Festspiele, Postfach 100262,

D-95402 Bayreuth, Germany. Tel 0049-921-78780.

The festival continues its slide into artistic stagnation. Wolfgang Wagner, the composer's ageing grandson, is clinging stubbornly to power in the hope of bequeathing control to his wife and teenage daughter, while rival members of the family throw poisonous arrows from the wings. Offstage controversy has forced Wolfgang to cancel a centenary exhibition on his mother Winifred. There are no new productions. The revivals include *Meistersinger* and *Tristan*, both conducted by Barenboim, and *The Ring* starring John Tomlinson.

BEAUNE

July 4 - August 2
Office de Tourisme, 21200 Beaune, France. Tel 0033-38026 2130 Fax 0033-38026 2139.

The Burgundian town of Beaune is earning a reputation for high-powered weekends of baroque music, in the open-air setting of the Cour des Hospices. This

year's programme opens with Monteverdi's *Vespers*, performed by Les Arts Florissants under William Christie. Other highlights include a Bach programme conducted by Sigiswald Kuijken and Handel's *Xerxes* featuring Susan Bickley and Alison Hagley.

BREGENZ

July 17 - August 21
Kartenbüro der Bregenzer Festspiele, Postfach 311, A-6901 Bregenz, Austria. Tel 0043-5574-4076 Fax 0043-5574-400.

There are two good reasons for visiting Bregenz this summer. The first is *Porgy and Bess* on the outdoor floating stage, conducted by American whizzkid Andrew Litton. The second is Anton Rubinstein's rarely performed "fantasy opera" *The Demon* in the Festspielhaus.

INTERMISSION

The Vocalberg, Bregenz's scenic hinterland, is the perfect antidote to the traffic and tourist hordes in the town. Drive up into the hills of the Bregenzerwald and catch a glimpse of unspoilt village life at Schwarzenberg, where lunch at the Gasthof Hirshen (tel 0043-5512-29440) is recommended, particularly for venison. Dress down for festival performances, and don't make the mistake of trying to park at the overcrowded Festspielhaus complex - leave the car on the landward side of the railway, next to the station, and use the covered bridge. Beware of early-evening thunderstorms, and always take an umbrella and raincoat to performances.

CHELTENHAM

July 5 - 20
Booking Office, Town Hall, Imperial Square, Cheltenham, Glos GL50 1QA, England. Tel 01242-237979 Fax 01242-573802.

Set in one of Britain's most attractive Regency towns, this festival has been revitalised since Michael Berkeley became director three years ago. With the Brahms, Schubert and Mendelssohn anniversaries in mind, he has given the 1997 programme an Austro-German theme, supplemented by a strong element of early music. As a composer himself, Berkeley has maintained a high proportion of new music, with world premieres from Anis Salim, Hugh Wood and Colin Matthews.

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DROTTNINGHOLM

June 4 - August 16
Drottningholms Slottsteater, Box 27050, S-10251 Stockholm, Sweden. Tel 0046-8-660 8225 Fax 0046-8-665 1473.

Thanks to its peaceful surroundings and beautifully preserved 18th century court theatre, Drottningholm offers a unique experience. For his first season as artistic director, Per-Erik Ohn has chosen two of the earliest operas ever written - Jacopo Peri's *Euridice* (1600) and Luigi Rossi's *Orfeo* (1647): a tantalising double.

INTERMISSION

The best way to reach Drottningholm is by steamer from Stockholm's harbourside (leaving on the hour, every hour: tel 233375). The 50-minute journey is an ideal mental and visual preparation for the evening's performance, as the boat winds its way through an archipelago of islands and inlets. Rather than rush a meal on the boat, book a table at Wårdshus, Drottningholm's upmarket restaurant (769 0908), or simply turn up at the informal park restaurant. Make time for a pedestrian stroll through the palatial gardens. In Stockholm, you'll find plenty of local colour and places to eat among the fishmarket stalls.

FELDKIRCH

June 18 - July 1
Schnbertiade GmbH, Villa Rosenthal, Schweizer Strasse 1, Postfach 100, A-6845 Hohenems, Austria. Tel 0043-5576-72091 Fax 0043-5576-75450.

This rarefied Schubert festival brings together many of the leading interpreters of German song, in recital halls as handsome as the wooded scenery of western Austria. The 1997 line-up includes Anne Sofie von Otter, Simon Keenlyside, Andreas Schiff, Barbara Bonney, Peter Schreier and Alfred Brendel.

BRITISH MASTER GOLDSMITHS

A Goldsmiths' Company Exhibition

Goldsmiths' Hall, Foster Lane

London EC2V 6RN

Monday-Saturday 11.00-17.00

Admission Free

St Paul's

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29 MAY
28 JUNE
1997

FT FESTIVALS GUIDE

Happy birthday, Edinburgh

After celebrating 50 successful festivals last year, with a record audience, Edinburgh this year celebrates its 50th birthday, 1947-97, from August 11-31.

An undoubted highlight will be the first visit since 1961 of the Royal Opera, Covent Garden, which is on a two and a half year peregrination while its house is rebuilt. It will be presenting a new production of Ramon's comic opera *Plafé*, directed and choreographed by Mark Morris, plus Verdi's *Macbeth* in the rarely performed 1847 version.

Macbeth was the first opera to be performed at the festival, and is one of the many events this year which recall past triumphs. Among them is Scottish Opera's *Ariadne auf Naxos*, presented as Richard Strauss intended, as a *divertissement* within Molière's comedy *Le Bourgeois gentilhomme*. It was a festival success in 1950.

The only other music theatre on offer is *La Verano de La Palma* (The Festival of the Dove), one of the most popular of Spanish zarzuelas, a form of opera.

The dance programme is particularly strong, with the San Francisco Ballet presenting two triple bills featuring the choreography of Mark Morris, George Balanchine and David Bintley among others; Twyla Tharp presenting three new works; and visits by Netherlands Dans Theater III; Ballet Atlantique Régine Chopinot from France, with a ballet involving the nature artist Andy Goldsworthy; and Bangarra Dance Theatre, from Australia, making its UK debut.

Last year director Peter Stein gave us Chekhov's *Uncle Vanya*; this year he

offers *The Cherry Orchard*. More intriguing perhaps is T.S. Eliot's *The Cocktail Party*, which received its premiere at the 1949 festival, and *Capada de Amor* (Blinded by Love), a "fusion of film, theatre, music, and dance" by La Cubana from Barcelona, which has proved a massive hit in Spain. There will also be the first production in English by the acclaimed young director Stéphane Braunschweig, of *Messiah for Messiahs*.

The music includes 15 concerts of Bach's organ works, played by Peter Hurford on the organ of Greyfriars Kirk, and there will be visits from the Kirov Orchestra, the Budapest Festival Orchestra, the Rotterdam Philharmonic and the Oslo Philharmonic.

The featured composers are Stravinsky, Bartók, and Prokofiev, and among the singers appearing will be Bryn Terfel, Ian Bostridge, Galina Gorchakova and David Daniels.

Of course, the Edinburgh International Festival is the focal point of a raft of artistic events which makes the city the cultural magnet of the world during August.

The biggest, and in many ways the most influential, is the Fringe, with nearly 10,000 performers, presenting 14,000 performances, in almost 200 venues. This year the biennial Book Festival is also taking place, adding to the Jazz and Blues Festival and the Film Festival, to say nothing of the Tattoo. No wonder Edinburgh heaves in August, but aimably.

Antony
Thornicroft

Edinburgh International Festival Box Office, 21 Market Street, Edinburgh EH1 1BW, Scotland. Tel 0131-225 5756 Fax 0131-226 7669.



'Blinded by Love': a fusion of film, music theatre and dance by La Cubana which has taken Spain by storm

GARSINGTON
June 9 - July 8
Garsington Opera, Garsington Manor, Garsington, Oxford, OX4 9DH, England. Tel 01865-361556 Fax 01865-361546

The 17th century manor house of an Oxfordshire village is the setting for one of the world's most intimate opera festivals. The stage is a garden terrace, protected from the elements by a sophisticated canopy. After going through a sticky patch with some of the locals, who objected to the "noise", Leonard Ingram can now plan ahead with confidence. This year's trio of operas is particularly enticing: the British stage premiere of Strauss's *Die ägyptische Helena*, a rare outing for Haydn's *Le pescatore* and an Ian Judge staging of *Costa Jan*.

INTERMISSION
The manor setting, with secluded Italianate gardens laid out by Lady Ottoline

Morell in the 1920s, is ideal for picnicking. There is plenty of room, but try to arrive at least an hour before the performance if you want a good spot by the lake pond. Alternatively, the Great Barn offers an excellent interval dinner (tel 01608-684251). If you don't want to drink and drive, stay in Oxford, barely five miles away, and take a taxi. Evening dress is virtually obligatory.

GLIMMERGLASS
July 8 - August 25
Glimmerglass Opera Festival, Box 191, Cooperstown, NY 13328, USA. Tel 001-607-547 5704 Fax 001-607-547 6080

Set amid the rolling scenery of upstate New York, Glimmerglass is a relaxing weekend or holiday destination for opera-lovers, with a 90-seat theatre surrounded by sun-drenched lawns. American singers predominate, but performances are given in

the original language with surtitles. There's something interesting in all four operas this year: *Madama Butterfly* is staged by Mark Lamos; Christopher Alden tackles *La Traviata* in *Alger*; Jane Glover conducts *Idomeneo en Tauride*, and there is a revival of Carlisle Floyd's *Of Mice and Men*.

INTERMISSION
The placid waters of Lake Otsego, a stone's throw from the theatre, are an ideal backdrop for dinner at the Blue Mingo Grill (tel 547 2543), where you can eat bass and swordfish on the lakeside terrace or indoors. This is the best option when you have been to an afternoon show.

If you're going to an evening performance, book a gourmet picnic at the theatre for consumption before or after (547 2255), or try Gabriella's on the Square, the new upmarket restaurant in Cooperstown. Stay at the Otsego Hotel (547 5931), where casual visitors can enjoy a good help-yourself lunch on the lake terrace, or try any of the homely bed-and-breakfast places recommended by the Glimmerglass accommodation office (547 2255). Avoid Glimmerglass on Baseball Hall of Fame weekend (August 1-4).

GLYNDEBOURNE
May 18 - August 24
Glyndebourne Festival Opera Box Office, P.O. Box 2624, Lewes, East Sussex BN8 5UW, England. Tel 01273-813813 Fax 01273-814986

Manon Lescaut, conducted by John Eliot Gardiner and staged by Graham Vick, received mixed reviews when it opened last month. Rossini's comic opera *Le Comte Ory*, staged by Jérôme Savary and conducted by Andrew Davis, is the other new production. The 1995 Touring Opera production of *Owen Wingrave* is revived, as are an endlessly recycled *Figaro* (conducted this year by Charles Mackerras), Peter Sellars's *Waco-style Theodora* and a Nikolaus Lehnhoff staging of *The Makropoulos Case*. Taken as a whole, probably not Glyndebourne's best vintage.

GRANADA
June 20 - July 6
Festival Internacional de Granada, Aptdo. Correos 64, 18080 Granada, Spain. Tel 0034-58-222111 Fax 0034-58-224111

Contacts between Europe and America, Spain and Portugal, provide this year's theme. Visiting ensembles include Dance Theatre of Harlem, the chorus of Lis-

bon's San Carlos Theatre and the Huelgas Ensemble. The most distinctive events are the concerts of vocal and religious music in the Cathedral and other historic churches.

GSTAAD
July 18 - September 6
Musiksommer Gstaad Saanenland, Chalet Bialto, Postfach 334, CH-3780 Gstaad, Switzerland. Tel 0041-33-748 8333 Fax 0041-33-748 8350

The arrival of Gidon Kremer as artistic director should live up to this well-heeled Alpine festival, formerly run by Yehudi Menuhin. The programme is very much "Kremer and friends": a high-powered chamber music programme is dominated by the complete string quartets of Schubert and Shostakovich, and there are some attractive orchestral concerts.

INNSBRUCK
August 16 - 30
Innsbruck Information, Burggraben 8, A-6020 Innsbruck, Austria. Tel 0043-512-5561561 Fax 0043-512-535614

This has developed into one of the leading baroque and early music festivals, with period instrument experts performing in a variety of handsome castles and churches. The 1997 programme is headed by Johann Adolf Hasse's opera *Solimano*, conducted by René Jacobs. Visiting artists include Lynne Dawson, the Quatuor Mosaiques and the Orchestra of the Age of Enlightenment.

KUUSMO
July 13 - 27
Kuusmo Chamber Music Festival, Torikatu 39, 88900 Kuusmo, Finland. Tel 00358-8-652 0936 Fax 00358-8-652 1961

This is one of those exceptional festivals where setting and artistic climate combine to create an experience few visitors are likely to forget. There is music from dawn to dusk. This year's programme includes new works by Finnish composers Einojuhani Rautavaara and Kimmo Hakola, and a conspectus of lesser-known American music from the past 50 years.

LONDON
City of London Festival
June 19 - July 10
Box Office, Barbican Centre,

Silk Street, London EC2Y 8DS, England. Tel 0171-638 8891

Three weeks of concerts offer a chance to discover the magnificent churches, lively halls and open spaces of London's Square Mile. The festival opens with a production of *A Midsummer Night's Dream* integrating Shakespeare's verse with Mendelssohn's complete incidental music. Other highlights include a Barbara Bonney recital and a Brahms chamber music series featuring Stephen Kovacevich and the Takacs Quartet.

BBC Proms
July 19 - September 14
BBC Proms Ticket Shop, Royal Albert Hall, London SW7 2AP, England. Tel 0171-589 8212 Fax 0171-684 1406

Arguably the biggest and best of the world's music festivals. Among this year's headlines are the first-ever solo Prom recital (by Evgeni Kissin), Deborah Warner's staging of Honneger's *Joan of Arc at the Stake*, a rare performance of Schubert's comic opera *Die Verschworenen* and a 70th birthday celebration for John Dankworth and Cleo Laine. The Proms take a dip into popular culture with music by Frank Zappa and Lennon & McCartney. There will be a UK premiere for Henze's opera *Venus und Adonis*, the European premiere of Gubaidulina's Violin Concerto, and world premieres by Iannis Xenakis, Peter Maxwell

Davies and Jonathan Harvey. Plus orchestras from Copenhagen, Leipzig, Dallas and Amsterdam.

LUZERN
August 18 - September 10
Internationale Musikfestwochen Luzern, Postfach, CH-3002 Luzern, Switzerland. Tel 0041-41-310 3080 Fax 0041-41-310 8464

Mathias Bamert, intendant of Switzerland's premier festival, has chosen "Nostalgia" as his 1997 programme theme - inspired by Schubert's farewell to his old concert hall and Switzerland's 19th-century view of the past. Abbado, Boulez, Jansons and others head the line-up of conductors, and Wolfgang Rihm is composer-in-residence. On a populist note, the festival is promoting a contest for amateur whistlers.

INTERMISSION
Try lunching at the St Niklausen hotel - only 10 minutes' drive from Lucerne, but worlds away from the hubbub of the city. Freshwater perch (Eggenli) is the local speciality, and the lakeside terrace enjoys breathtaking views. In town, the most interesting places to eat are the Rebstock and the Wilden Mann, but book in advance to be sure of a table. The Walliser Kanne makes a speciality of traditional Swiss fondue. Don't miss the combined steamer/rail trip up Pilatus or Rigi, the two nearest mountains.

MONDSEE
September 4 - 13
Musikstage Mondsee Restello, Postfach 3, A-5310 Mondsee, Austria. Tel/fax 0043-6232-3544

Set in the historic surroundings of Schloss Mondsee, in rolling countryside east of Salzburg, this is a chamber music festival for Andris Schiff's friends and admirers. It is not a come-and-go festival: artists stay in Mondsee throughout. Schubert, Brahms and Shostakovich dominate the programme.

MUNICH
June 30 - July 31
Festplatzkassette der Bayerischen Staatsoper, Postfach 101404, D-80088 Munich, Germany. Tel 0049-89-2185 1920 Fax 0049-89-2185 1903

The Bavarian State Opera's 1997 festival opens with Dieter Dorn's new production of *Figaro* starring Alison Hagley and Amanda Roocroft. David Alden directs Monteverdi's *Poppea* in the Prinzregententheater, and the rest of the programme consists of repeat performances of the past season's repertoire - with a heavy mark-up on seat prices.

NEW YORK
July 8 - July 27
Lincoln Center Festival, Avery Fisher Hall Box Office, 10 Lincoln Center Plaza, New York, NY 10023-6972, USA. Tel 212-721 6500 Fax 212-675 5027

The festival made a solid debut last summer, but the 1997 programme looks thin. Britain's Royal Opera brings Pfitzner's *Palestrina*, and there are three Royal Ballet programmes. The other major import from Europe is *Les Danaïdes*, Silvia Purcarate's reconstruction of Aeschylus's tetralogy. There will also be a four-day celebration of jazz giant Ornette Coleman.

ORKNEY
June 20 - 25
St Magnus Festival, Strindal, Nicolson Street, Kirkwall, Orkney, Scotland. Tel 01856-872669 Fax 01856-871170

This is one of the world's least cosmopolitan festivals - and one of the most individual. The Orkney Islands, north of the Scottish mainland, provide a memorable setting, at a time of year when days are long and nights are short. The 21st anniversary programme

offers a retrospective of music commissioned over the years - from Judith Weir, James MacMillan and, of course, the festival's founder and president, Peter Maxwell Davies. Guest artists include the Scottish Chamber Orchestra, pianist Kathryn Stott and the Manchester-based music theatre group Psappha.

PESARO
August 9 - 24
Biglietteria del Festival, Via Rossini 37, 61100 Pesaro, Italy. Tel 0039-721-33184 Fax 0039-721-30979

Pesaro means Mediterranean sun, Adriatic sand and Rossinian vitality. Set in the composer's birthplace, the festival is the ideal way to combine a holiday in Italy with high-quality opera. This year's repertoire is *Mosè e Faraone* staged by Graham Vick, *Il Signor Bruschino* and *Il barbiere di Sighispa*.

INTERMISSION
The best fish, and when in Pesaro, fish is the dish to go for - is at Da Carlo, a couple of blocks from the beach. The surroundings are not particularly romantic, but the food is excellent and not outrageously expensive: rely on the staff's recommendation for what's fresh on the day. For lunch, it's worth driving up into the hills above Pesaro, where you can eat at any number of uncrowded little restaurants away from the seaside buzz.

For the more adventurous, a visit to Gradara, about an hour away, makes a pleasant excursion: the castle was supposedly the medieval stronghold of Paolo Malatesta, one of the protagonists in D'Annunzio's Dante-inspired tale of blood-lust, *Francesca da Rimini*.

RAVENNA
June 19 - July 26
Ravenna Festival, Via Dante Alighieri 1, 48100 Ravenna, Italy. Tel 0039-544-213895 Fax 0039-544-36303

Riccardo Muti lives in Ravenna, and his festival is run by his wife. He conducts only two of this year's concerts, the bulk of the programme being made up of high-profile visitors such as the Kirov Opera and the Dresden Staatskapelle. Solti conducts the opening concert and there is a staged production of Verdi's *Attila* in the Teatro Alighieri - one of Ravenna's architectural jewels.

RHEINISCHBERG
June 28 - August 16
Kartenservice Kammeroper, Tourist-Information Rheinsberg, Markt-Kavallerhaus, D-16831 Rheinsberg, Germany. Tel/fax 0049-33931-39296

This festival, founded by German composer Siegfried Matthäus in an attractive town north of Berlin, draws its character from its young performers and a setting next to lake and castle. The 1997 programme features *Albert Herring* and a rare staging of E.T.A. Hoffmann's "magic opera" *Undine*.

SAINTES
July 4 - 13
Académies Musicales de Saintes, Abbaye aux Dames, BP 125, 17104 Saintes cedex, France. Tel 0033-0548 974848

The Roman town of Saintes, in the Cognac region, is the home of the Académies Musicales, a 10-day festival of baroque and medieval music run by Philippe Herreweghe. A typical day features Bach motets at lunchtime, an early evening recital, a large evening choral programme and a more intimate event at midnight. With artists such as Ian Bostridge, Staphan Genz, Ron Mannion and the Ensemble InterContemporain, the festival does not confine itself to period performances.

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FT FESTIVALS GUIDE



Deborah Bull of the Royal Ballet dancing in the role of Princess Epine in 'The Prince of the Pagodas' at the Lincoln Centre Festival, New York.

With their best feet forward

Clement Crisp pirouettes warily through the festival ballet programmes

The summer brings its customary outbreak of dance activity: little of it (save for the Edinburgh Festival) in Britain. In Europe, Spoleto or Norvi may well produce entertaining evenings for visitors; in France the careful (read "wary") visitor may find things worth watching amid small celebrations of dance. But be careful (that is to say "wary") when faced with anything calling itself modern dance.

Marseille, though, is having a celebration to mark the silver jubilee of Roland Petit's Ballet de Marseille in late June, with

opening performances taking place on a floating platform in the Old Harbour on June 24, 25. The other performances in this *Danse sur le Port* will bring Petit's *Plaisir Ballet* (June 26, 29; July 2, 3) and appearances of Antonio Gades' *Carmen* ensemble on July 2, 3.

As in recent years, Edinburgh offers a generous dance programme. Twyla Tharp opens the festivities with her new troupe, at the Playhouse August 11-13, with a triple bill of recent and acclaimed work. Recommended: The San Francisco Ballet, a serious company, will also appear at the cavernous

Playhouse (which has all the charm of a morgue) with two triple bills featuring Balanchine, Mark Morris, David Bintley and Heidi Tomasson choreographies between August 12 and 14; and the Ballet Atlantique Régine Chopinot which is at the Playhouse on August 15, 16, with their *Végétal*. And as a note in passing, I hope that the programme-books for the dance season are better - better informed, better designed, better value - than in previous years.

There is no excuse for inadequacies and greedy prices. Paying customers are urged to complain, and complain again. Meantime, in London, the Kirov Ballet is playing from July 8 until

August 9 at the Coliseum with all the old favourites, plus a first showing here of their delicious *Don Quixote* which, unlike the Royal Ballet's morbid farrago under the same name, is good to look at and entirely enjoyable. The season will feature those two divinities Alina Astasheva and Zhanina Ayupova, who are lights in a dark world. (Astasheva in *Frida* - in this season's programming - is one of the great experiences of my dance-going. But then, so are any of her or Ayupova's interpretations). Check for casting.

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The jazz hot spots

Garry Booth chills out at home and abroad

The jazz aristocracy is ready to undertake its own version of the grand tour: the annual exploration of concert halls and marquees across Europe. Curiously, the best festivals are often those in towns with the least swing in them for the rest of the year.

The exception to the rule is London, which has a healthy jazz scene. Perhaps as a result, *The Oris Jazz Festival* (November 7-18; tel 0171 405 5974) usually tends towards the left-field. This year *The Oris* casts its net wider: guitarist Paco de Lucia headlines while the Vienna Art Orchestra leads the Austrian section. Recently recovered piano rolls from Jelly Roll Morton are part of an unusual (and free) fringe programme.

Earlier in the year on the South Bank, *Serious Summer* (July 13-27; 0171 405 5974) promises a series of sell-out concerts which includes Ray Charles (July 13), a Herbie Hancock All-Star band (July 15) and reggae veteran Burning Spear (July 27).

The best thing about *Bacon Jazz* (August 8-10; 01875 625557), is its hucolic setting: music permeates every corner of the Welsh market town, from riverside meadows to market hall via the many pubs. This year's main attraction is the barnstorming Carnegie Hall Jazz Band led by Jon Faddis. New Orleans diehards will be queuing early for young trumpeter Nicholas Payton and his delicious Gumbo Nouveau quintet.

The *Glasgow International Jazz Festival* (June 17-July 6; 0141 400 5000) has a tasteful and cosmopolitan package this year: groups led by Nat Adderley, Charlie Haden, Maynard Ferguson and Joshua Redman represent the US core; British virtuosos Martin Taylor and Babbie Reinhardt (son of Django) will play hot guitar together; French clarinetist Louis Sclavis leads his accessible but abstract trio; indefatigable *timbalero* Tito Puente brings in the Latin Jazz Ensemble.

The very Swiss, lakeside *Montreux Jazz Festival* (July 4-19; +41 21 963 8282) is a glamorous affair and its programmes have a broad definition of jazz: this year's star-spangled roster inexplicably includes Supertramp and Kid Creole. The jazz element is substantial, however, with Herbie Hancock's New Standard All-Stars; Kenny Garrett with Ahmad Jamal; Chick Corea on the same bill as Monty Alexander and Joshua Redman; and Eric Clapton alongside David Sanborn and Marcus Miller.

In Ireland, the *Cork Jazz Festival* (October 24-27), sponsored by a well known stout producer, has grown into one of the most important events in the jazz calendar for thirsty jazz fans. The programme has yet to be revealed but expect an impressive line-up.

In France in summer, even the smallest town has a jazz festival. One of the best is to be found at Samois-sur-Seine, near Fontainebleau. The *Django Reinhardt Festival* (June 27-29; +33 1 64 69 54 66) is a mecca for worshippers of swing. Outside as the official programme, which this year features Philip Catherine and Nat Adderley, the riverside jam sessions are a main attraction in themselves.

One of the best kept secrets in France is the festival at Marciac (August 7-17; +33 56 209 3333), a village in the deep South West of France, near Tarbes. This year's hard-to-heat *Jazz Marciac* hill includes Joe Lovano and McCoy Tyner on the same bill; a Wynton Marsalis quartet playing the "Marciac Suite"; Ray Charles backed by an all-star band which has Phil Woods, Johnny Griffin and David Newman in the reed section; and Oscar Peterson.

Agoraphobic jazz fans should head for the Netherlands and The Hague. The North Sea Jazz Festival (July 11/13; +31 162157786) is the biggest in Europe and it all happens under one roof. This year's mind-boggling programme appears to feature virtually every living jazz musician.

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SAINT LOUIS

May 24 - June 26

Opera Theatre of Saint Louis, P.O. Box 191910, Saint Louis, MO 63119, USA. Tel 001-314-961 0171 Fax 001-314-961 7463.

The Loretto-Hilton Center, on the campus of Webster University, is the setting for one of the world's most pleasurable opera festivals, presided over by veteran British stage director Colin Graham. This year's operas are *Madama Butterfly*, *Così fan tutti*, Monteverdi's *Orfeo* and Conrad Susa's *Transformations*. Saint Louis is renowned for discovering young American singers who go on to make big careers.

SALZBURG

July 20 - August 31
Kartenbüro der Salzburger Festspiele, Postfach 140, A-5010 Salzburg, Austria. Tel 0043-662-844501 Fax 0043-662-846682.

The biggest and possibly the richest programme in the festival's history: Boris Godunov conducted by Valery Gergiev, Peter Stein's unmissable production of *Wozzeck*, Ligeti's revised version of *Le Grand Macabre*, Bob Wilson's *Pelléas* and no fewer than five Mozart operas. Claudio Abbado conducts the Chamber Orchestra of Europe in a Schubert cycle at the Mozarteum, the Royal National Theatre brings Sam Mendes's new production of *Othello* and Peter Greenaway stages his

own festival extravaganza. Plus concerts conducted by Boulez, Muti, Norrington, Haitink, Jansons and Gardiner.

INTERMISSION

If you're too late to book rooms at Schloss Fuschl (tel 0043-6229-2253 fax 0043-6229-225 3531), at least try to eat there: the cuisine is on a level to match its upmarket hotel accommodation, and the setting in the hills above Salzburg is the perfect antidote to the claustrophobic atmosphere of the festival. The chef at the Pfafferschliff (0043-662-561242) in Salzburg was previously at Schloss Fuschl, and a leisurely lunch in the garden at Restaurant Riedenburg (630815) is also recommended: reservations are mandatory. The Mordor era has given Salzburg a go-as-you-please atmosphere, so don't feel you have to dress up for evening performances.

SANTA FE

June 27 - August 23

Santa Fe Opera, P.O. Box 2408, Santa Fe, New Mexico 87504-2408, USA. Tel 001-505-956 5900 Fax 001-505-956 5930.

Santa Fe's appeal is its exotic setting and well-balanced repertoire. The festival continues its noble line of world premieres with *Ashoka's Dream* by Peter Lieberman. The other operas are *Così fan tutti* directed by Nicolette Molnar, *Semele* starring Elizabeth Futral

and Rockwell Blake, *La traviata* with Patricia Racette as Violetta, and *Arabella* with Janice Watson. All five operas can be seen in repertory in the two weeks after July 22.

SAVONLINNA

July 5 - August 4

Savonlinna Opera Festival, Olavinkatu 35, 57130 Savonlinna, Finland. Tel 00358-57-578750 Fax 00358-57-531866.

No-one who visits Finland's premier summer festival can fail to be impressed by the stone castle courtyard in which it takes place. Poised on the edge of a lake, Olaf's Castle (Olavinkatu) is one of the world's outstanding outdoor locations for opera. This year's main attractions are the Kirov's *Parsifal* and the world premiere of Einojuhani Rautavaara's nationalist opera *Aleksis Kivi*.

SCHLESWIG-HOLSTEIN

July 5 - August 24

Kartenzentrale des Schleswig-Holstein Musik Festivals, Postfach 3840, D-24037 Kiel, Germany. Tel 0049-431-567080 Fax 0049-431-569128.

The festival has buried its differences with its founder, Justus Franz, with whom it suffered an embarrassing split two years ago. Franz returns with his own touring orchestra, but the appeal of this year's programme lies elsewhere - in a strong Norwegian element, in a George Tabori staging of Schoenberg's *Moses and Aaron*, and a wealth of recitals scattered among the towns and churches of one of Germany's most charming regions.

SPOLETO

June 26 - July 14

Associazione Festival dei Due Mondi, Via Duomo 7, 06049 Spoleto, Italy. Tel 0039-743-222611 Fax 0039-743-221594.

This Umbrian hill-town, within easy reach of Rome, hosts one of Italy's best-known festivals, but the unpredictable behaviour of its octogenarian founder-director, Gian Carlo Menotti,

gives it a hit-and-miss quality. The 1997 programme opens with Berlioz's *L'Enfance du Christ* in the Duomo, and ends in the Piazza with another great choral work, Mendelssohn's *Elijah* - both conducted by Richard Hickox. Günter Krämer stages Korngold's *Die tote Stadt*, and there is a guest season by Dance Theatre of Harlem.

TANGLEWOOD

July 3 - August 31

Until mid-June: Tanglewood Ticket Office, Symphony Hall, Boston MA 02116, USA. Tel 001-617-266 1492. From mid-June: Tanglewood Ticket Office, Tanglewood, Lenox MA 01240, USA. Tel 001-617-931 2000.

The Boston Symphony Orchestra's summer home provides a relaxed setting for music in the heart of the Massachusetts countryside. This year's Shed concerts begin with Elgar's *Six Pictures* sung by Jessye Norman, and end with Barber's *Prayers of Kierkegaard* and Beethoven's Ninth Symphony conducted by Robert Shaw. Connoisseurs will opt for the high-powered recital programme in Ozawa Hall and a staging of Poulenc's *Les Mamelles de Tirésias* by members of the opera school.

UTRECHT

August 29 - September 7

Utrecht Early Music Festival, Postbox 724, 3500 AS Utrecht, Netherlands. Tel 0031-30-236 2236 Fax 0031-30-232 7298.

Spread around the town's medieval churches, baroque salons and modern concert venues, the Utrecht Early Music Festival boasts 60 concerts in 10 days. This year's themes are Francesco Landini (d.1397), Johannes Ockeghem (d.1497), Schubert (d.1797) and Sufi music.

VERBIEER

July 18 - August 3

Verbier Festival and Academy, Office du Tourisme, CH-1936 Verbier, Switzerland. Tel 0041-27-771 8282 Fax 0041-27-771 7057.

This Alpina festival, run by dynamic Swedish

impresario Martin Engstrom, allows talented young artists to mix with world-renowned soloists - who give masterclasses, recitals and orchestral concerts. The main events take place in a tent fitted with an acoustical shell. This year's line-up includes Evgeny Kissin, Nigel Kennedy, Yefim Bronfman, Dmitry Sitkovetsky and Kurt Masur.

VERONA

July 4 - August 30

Biglietteria, Ente Lirico Arena di Verona, Piazza Bra 28, 37121 Verona, Italy. Tel 0039-45-800 5151 Fax 0039-45-801 3287.

Those who favour arena-style opera, with its noisy atmosphere and semaphoric acting, will not want to miss *Aida* and *Madama Butterfly*. Balza and Caruso repeat their famous double act in *Carmen*, and Maria Guleghina should prove a formidable protagonist in *Macbeth*.

WEXFORD

October 16 - November 2

Theatre Royal, High Street, Wexford, Republic of Ireland. Tel 00353-53-22144 Fax 00353-53-24283.

Wexford's festival of rare opera is booming, thanks to the high standard set by its artistic director, Luigi Ferreri, and the unchanging charm of Wexford itself: the festival is the ideal destination for opera-goers who want an autumn break. This year's choice - Mercadante's *Elena da Feltre*, Dargomizhsky's *Rusalka* and Respighi's *La fiamma* - looks like another winning trio.

INTERMISSION
Seafood is Wexford's main culinary attraction. Try the Lobster Pot, an old country pub at Carne (00353-53-31110), for lobster and crab; or the Silver Fox, in the attractive harbour at Kilmore Quay (00353-53-29888), for mussels and other seafood.

In Wexford itself, Tim's Taverna can be recommended for bar meals - quick and simple before or after the performance. For those who have a car and don't mind staying a good bit out of town, Cedar Lodge Hotel - quiet, relaxing and rural - is a safe recommendation (00353-51-423888). Its cooked breakfasts really are something to write home about.

ZURICH

June 28 - July 20

Ticket Office, Zürcher Festspiele, Postfach 6036, CH-8023 Zurich, Switzerland. Tel 0041-1-215 4030 Fax 0041-1-215 4035.

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THE ROYAL OPERA

ARTS



Different from any other theatre: Mark Lewis Jones and Joy Richardson in 'The Winter's Tale' in the re-creation of Shakespeare's original Globe theatre

Will's legacy, Sam's dream

As the replica Globe theatre opens, Antony Thornecroft finds the sceptics have been silenced

After decades of argument and derision, disappointment and triumph, Shakespeare's Globe on London's Bankside finally opens for serious business next week. On Thursday Mark Rylance's company of actors, which has inherited Sam Wanamaker's dream, performs a specially written entertainment before the Queen.

Suddenly the doubters are silenced. So what if the quaintly rounded building which has emerged alongside the Thames is not an exact replica of the Globe? It is the closest approximation that modern scholarship, and modern safety regulations, can aspire to and it is within spitting distance of the original site.

So what if it is impossible to completely match the style of

performance of William Shakespeare's company? A modern audience brings to the occasion an entirely different mind-set. So what if 40 per cent of the audience might be tourists? London's theatres were much admired by foreign visitors in Shakespeare's day.

The achievement in raising £22m for the venture, of which £12.4m came from the lottery, is remarkable. Another £16m is still needed to complete the site, in particular for educational work in an exhibition space in the Undercroft, plus another, covered, theatre, the Inigo Jones. It is hoped that the lottery will stump up a further £10.4m. Chief executive Michael Holden plans for the whole enterprise to be completed by September 21, 1998 - 400 years to the day when the original Globe opened.

What is exciting is the way that Shakespeare's Globe has married good commercial practice with scholarship. Audiences for the mini-season last year were 94 per cent of capacity and, despite the fact that the groundlings standing in the pit are exposed to the elements, no performances were lost. This year, the first full season, bookings are equally encouraging. The Globe will have successfully raised its turnover from £300,000 to £3m in just three years and is on schedule to make a small surplus.

Novelty probably guarantees an initial burst of audience interest. More impressive has been the commitment to using the Globe for theatrical experimentation. The opening production, *Henry V*, is being performed, as in Shakespeare's day, by an all-male cast: nothing surprising here. But

they are wearing the clothes of the period, too, which means sleeves attached to doublets with bows rather than sewn, which affects the actors' gestures. Already the intimate, bear-pit atmosphere of the Globe is creating a theatrical experience some way from the current practice of passive audience, distant actors.

Every year one production will assume some authentic touch. In addition rarely performed plays of the period will be performed. This season Beaumont & Fletcher's *The Maid's Tragedy* and Middleton's *A Chaste Maid in Cheapside* join *The Winter's Tale*, Shakespeare's Globe will give readings of all the 600 plays that have survived from the period and will perform any that are worth rescuing.

This serious approach should silence the academic critics, who

have chosen to regard the Globe as just another heritage site. Theatre directors at the National Theatre and the RSC may be more concerned at the opening of a rival attraction within the space of a mile.

But the Globe is showing itself to be very different from any other London theatre. Perhaps its most distinctive feature, and the one that, over time, will most closely replicate the drama of the early-17th century, is the fact that Rylance leads a 42-strong company of actors and back-stage staff who will work intensely together for four months, exploring this strange new space. How they cope with the idiosyncrasies of the theatre, and the reactions of the audience, will determine the success of a venture, which, to date, has overcome a storm of troubles.

Simplicity brings fresh feel to tale

In the new staging of *The Winter's Tale* at Shakespeare's Globe, nothing seems to come between play and audience. Although the acting is seldom top-league, you follow the play, even if you have seen it before, with the rarest kind of freshness and immediacy. I have reservations, for example, about the Leontes and Hermione - and yet in their final reconciliation I was blinking back tears as I do not remember doing in any *Winter's Tale* I have seen before.

Is this the virtue of David Freeman's production? In part, yes. Its poetic simplicity - with the actors treading barefoot on terracotta earth, and now and then casting its dust around for expressive effect - reminded me of the *Orfeo* (Monteverdi) he once directed for the English National Opera. As there, he makes this seem a new work of art freshly produced by an art form itself still young, Tom Phillips's decor consists only of the red dust floor and of such props as (in the Bohemian scenes) garlands of flowers and multiple sheep fleeces. Costumes economically evoke the antique world. So does Claire van Kampen's music for percussion, played on the balcony above the stage: at times savage, at times ritualistic.

And Freeman catches the humanity, savagery and humour of the play with lightness of touch, and often with eloquence. The audience shudders when Leontes spits in the face of his own new-born baby. Many lines - such as his "I am a feather for each wind that blows" - fall upon the ear as if new-minted. I love the pose in which Hermione is "sculpted", her head modestly turned down and in profile, her hand now in age resting on a stick; and the single movement - principally of her head turning to look out front - in which she comes to life is unusually affecting.

Mark Lewis Jones, whose

voice becomes so horribly constricted and ugly under pressure, is a bittous Leontes without dignity. Bellinda Davison is a slightly raw Hermione who only acquires poignancy in the final scene. Anna Livia Ryan, although lachrymose too often, has an ideally direct and affecting vocal tone for both their children, Mamillius and Perdite. Joy Richardson is a loud Paulina without authority. Few of the cast have yet mastered how to make every word carry or where the acoustically weak areas of the stage are.

Yet these and other flaws simply do not register as they would in most productions from behind a proscenium arch. There is no fruitless old-style acting, no vibrato, no artificial gesturing, from anyone onstage. And one performance would be splendid anywhere: Antolycus (played with odd and lovely ease by Nicholas Le Prevost) is the most modern character onstage, a constant figure of irony - like John Cleese without the hyperbole.

The production's immediacy is also the virtue of Shakespeare's Globe theatre. True, the auditorium has its obvious defects. One hears the diverse grinds and chatters of the city. And yet audience noise and chatter is not amplified as in most theatres.

On an afternoon of varying weather, Shakespeare's Globe is a pleasant place to be. Now a little rain falls: now one screens one's eyes from the sun. The atmosphere is relaxed, with drinks and food being quietly sold from time to time in the central promenade area. In the intervals, you can buy bagels and champagne and consume them by the Thames, looking over to St Pauls. And, by the way, there is more than one interval so that one never flags.

Alastair Macaulay

In repertory at Shakespeare's Globe, London SE1

Questions of class have never concerned me much, yet class is a fascinating topic, so the thought of three documentaries simply called *Class* seemed like a good one. Perhaps I would finally be able to place myself.

The programmes begin on ITV on Tuesday with 60 minutes devoted to the upper class. Next week we get the same time on the working class, and the final programme, partly recorded at a Kenwood concert, deals with the middle class. The most striking fact for one who is uncertain of his own category is that everyone in these programmes seems blithely confident of where they stand. If, like me, you had always assumed that people such as Tara Palmer-Tomkinson were members of the mediocrity, working

Television/Christopher Dunkley

A question of class

desperately to stay in the gossip columns, but scarcely to be confused with real upper class types, then you may be surprised to find that the makers of these programmes readily bracket them with the Duke of Buccleuch, who also bears the titles Duke of Queensberry, Baron Scott of Whitcheater and Eskdale, Earl of Doncaster and Baron Tynedale, Earl of Dalkeith and umpteen others.

The trouble is that there is very little opportunity in these programmes to investigate the detail of class distinctions - which is, ostensibly, precisely their concern

- because they are constructed in that manner which has now become so popular, with all trace of interviewer, reporter and even voice-over abandoned. The programmes consist entirely of soundbites from the interviewees, strung together in a line like a necklace. The result is that a single sheet of the press release provided for critics conveys more than the programmes because here we find an editorial voice.

Nowhere in the programmes is there any indication of the reasons for making them or the assumptions from which they proceed.

Yet the first two lines of the press release read: "It is often said that Britain is the most class obsessed and class ridden country in the world. Class grips us all more than we care to admit".

Starting from there you could have made a really interesting series, seeking to show that in the US Puerto Ricans and Rockefeller are universally treated as social equals; that India's seemingly rigid caste system is really a concealed form of meritocracy; and that the chronic intercaste tribalism of Africa is as nothing beside Britain's class wars.

Instead what we get is a soundbite from Peregrine Worsthorne, a soundbite from Dennis Skinner, a soundbite from Michael Winner and so on. They are, of course, contradictory - any appearance of consistency would have run the risk of the producers seeming to pursue some sort of thesis, whereas the intention, clearly, is to avoid any hint of value judgment.

Naturally some comments are more sensible and memorable than others. You wonder why John Humphrys believes that breeding counts in cows and horses but suddenly becomes meaningless in the human animal, and wish someone would press him on the matter. But of course there is no one to do the pressing.

To be fair, the makers describe the series as nothing more than "a three part factual entertainment" and indeed it is entertaining to hear Warren Mitchell pouring contempt on Janet Street-Porter's accent, to follow porn millionaire David Sullivan around his magnificently vulgar home complete with bowling alley and remotely controlled (though faulty) curtains, and to hear Roy Hattersley, proud scion of a family which knew when to use a fish knife, insisting that there is far too little class war in Britain.

Yet it leaves those of us who really were quite interested to discover how British class categorisation now works scarcely any further forwards. At one point in this week's programme Peter York, author of *Style Wars* and co-author of *The Sloane Ranger Handbook*, makes the point that "The British class system is remarkably permeable", which is clearly undeniable and which presumably explains the extraordinary survival of the British aristocracy. York has devoted his life to writing wittily about class and style and to the formal study of such matters for the marketing business. Had they employed him to make these three programmes we might really have learned something. But of course this is 1997, not 1967, and the tripod upon which British broadcasting so famously stood now looks more and more like a one-legged stool with information and education knocked away by entertainment.

It's a grim thing, humour. And no subject is taken more seriously: not sex, not politics, not religion or death. All are good for a laugh. But when we look at the laugh itself we see ourselves in knots explaining, apologising, defying.

Saturday's *Kaleidoscope* feature *Sweet Looks*, *Shock Tactics* analysed the talents of Julian Clary as if he were the first comic who ever dropped a wrist. Clary is genuinely funny, with a true comic's gift for timing and throwaway, but does his openly acknowledged homosexuality make him a greater artist than, say, Frankie Howerd, whom the programme cited as a camp-mannered comedian who never "came out".

Ultimately Clary's comedy no more depends on our knowledge of his private life than Vesta Tilly's depended on whether she really enjoyed wearing men's clothes or Jack Benny's on his supposed meanness. If anything, one suspects comedians, or performers of any sort, who bring their offstage personae into play.

Which is what makes old-school vaudevillians so fascinating. You can appreciate the professionalism necessary for building a wall between their real selves and the public. *Saturday Playhouse* *She Knows You Know!* was another variation on that favourite theme, the personal inadequacy of the public idol, off-stage loneliness, the tears of a clown. Not that Hylda Baker, the subject of this compelling one-woman (almost) show, suffered like Garland or even Gracie Fields (victim of a childhood rape that haunted her all her life). The tiny Baker felt guilty about mad dad, hid her age, and resented this Mrs Malaprop for nicking her technique.

Jean Fergusson was hypnotically convincing as Baker, and as the face behind the mask, suggesting baffled frustration (confronting yet another of life's disappointments with a regal "I am not impressed"), the thwarted maternalism, the unremitting toughness.

Willie's Wake - a celebration of Willie Rushton was anaemic in comparison. Public school wits and *Private Eye* satirists still have it rel-

Radio

Good for a laugh

actively easy, even in these classless days. Not that one would wish suffering on our wags, (in fact one would, with some of them), but their scope seems awfully constricted, almost incestuous, in a world of cosy self-approbation and Ned Sherin.

WEEK *Ending* actually faced a live audience recently, with results politely tolerant rather than hilariously abandoned, and should have long ago faced a Saturday night house in Glasgow or Liverpool. They might have learnt that there is more to satire than shouting "Shag a royal!" in a Fergie voice, or zip-fly sound effects when Bill Clinton is mentioned. There is all the difference in the world between healthy savagery aimed at a worthwhile target and a schoolboy yelling smut to show how sophisticated he is.

Much of the BBC's satire is aimed at, or possibly performed by, the cerebrally challenged and those undergoing a protracted and difficult puberty. *Week Ending* has a good Tony Blair sound-alike and the marvellous Sally Grace, whose brilliant Sloane tones make her Fergie and Di deliciously funny - when the material's up to scratch. But it very rarely is.

The week's most successful satire was in Radio 4's history divertimento *What If...?* which knocked spots off Alan Bennett in academic-baiting mood. Tudor England under the yoke of a successful Spanish Armada was imagined by a historian with a cut-glass accent that made Brian Sewell sound like Vera Duckworth, called Fayleypay. The combination of Spanish monicker and upper-crust diphthongs oddly evoked Pooh-Bah in

The Mikado who, you remember, "was born sneering".

Going only by "gut feeling" (a methodology new even in the media's academe) Fayleypay claimed that the licksplittle English would have welcomed the Spanish ecstatically, ignoring the derision they had aroused 30 years earlier when King Philip had married Mary Tudor (bloody but our own).


Fayleypay's slightly mad-sounding female sidekick said it would have improved English painting, much as a few generations back some might have longed for Hitler's autobahns and Mussolini's punctual railways. The chairman's reference to the Inquisition was greeted with dismissive whinnies. And the woman wittered into ever more nitwitty, about how preferable the Spanish influence would have been in North America as regards preserving native culture.

As the Spanish attitude to native civilisation in South America was to wipe out language, culture and religion and destroy entire cities, this seemed hard to follow.

Anything to cheer up drab Tudor England, they cried, having never apparently read poetry, gone to the theatre or listened to music. Though of course nothing beats a good *auto-da-fé* for smoking out those drabness blues. Their happily gibbering fantasies of progathoushy-inbred Spanish Habsburgs dominating the North Sea from an Anglo-Flamish-Dutch empire (never mind the odd resistant Prince of Orange; as they pointed out approvingly, the Spaniards were good at murder at long distance) faded into the merciful ether, leaving me weak with laughter.

Come clean, Radio 4: it was Steve Coogan and Chris Morris, wasn't it?

Martin Hoyle



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Khaki jacket, £125, by Linen Laundry, from Whistles, 12 St Christopher's Place, London W1, stockist inquiries: 0171-487 4484

Fashion

The linens languidly loitering within tents

Safari-style never really disappears. Be patient and Karen Wheeler will show you how to bring it up to date in the English manner

Safari-style clothing has always possessed an allure: it calls to mind the glamour and romance of colonial Africa - the big-game hunters, intrepid explorers and privileged elite, sipping cocktails at sundown while gazing out over the African plains.

It is a look that is perceived as quintessentially English, although American designer Ralph Lauren has been successfully exploiting it in his advertising campaigns for years. He even named a scent after it. Saf-

ari-inspired fashion - with its neutral colours, crumpled linens and tastefully retro pieces - recurs frequently in fashion without ever really going away. It appeals to nostalgia for the past while being eminently wearable in the present.

Although it was Yves St

Laurent who first saw the

fashion potential in the

traditional safari suit in 1968,

every few years the look is

re-invented and updated.

Whenever a film comes

along - *White Mischief*, say,

or *Out of Africa* - with links

to the dark continent, there

is a sudden rush on cream linen clothing and suede safari jackets.

This year *The English Patient* looks set to have a similar effect on sales of suede safari jackets.

Already, the two suede jackets made by Jaeger, sponsor of the film's premiere, which were almost identical to the style that Kristin Scott-Thomson wore throughout the film, have sold out several times.

But it is not just the image of Scott-Thomson, bathed in a beautiful golden light and cavorting around the sand

dunes in her khakis, that is responsible for the resurgence. "Safari came out of military," says Lucille Lewin, owner of the Whistles chain. "It is the more sophisticated version of the army look which has been so popular recently."

The hot-weather uniform of many fashion industry insiders at the moment, for example, is a pair of loose-fitting khaki shorts or silk pants and a vest with thin straps. Others have abandoned their regulation black kit in favour of beige cotton chinos.

But recognising that the military look is not for everyone, top designers have transformed it into a slicker, more elegant safari version. Given the choice between a pair of baggy, olive trousers from an army surplus store and a beautifully cut, safari-jacketed trouser suit from MaxMara, for most women there is simply no contest.

At the other extreme, safari-style also offers an alternative to those unlikely to be seduced by all the florals, ruffles and transparency around this summer.

"Part of the appeal is that clothes inspired by *The English Patient* are very flattering and easy-to-wear with big, oversized shapes and baggy layers," says Lewin, who has devoted a floor of her flagship store in St Christopher's Place, central London, to washed and crumpled linens and silks in natural dyes.

Slim, side-buttoning pants, sarong skirts and oversized men's shirts are the key pieces and, as Lewin points out, they translate into a very softly tailored, relaxed daytime look.

"They are also great for holidays," she adds. "You can wear them with Birkenstock sandals or sneakers and a cardigan wrapped around your waist or draped over your shoulders." The safari look can be softened to your own interpretation - it does not necessarily mean gun belts, bush hats and canvas poacher bags.

A more modern take is to layer a tunic style dress over trousers. Daks, for example, has a long, cream, button-through "Moroccan" tunic dress, while Liberty stocks a luxurious linen fly-fronted

dress by Maska which can be worn on its own or over slim, tapered trousers. A button-up-to-the-neck jacket could easily be worn with a softer, chiffony skirt, for example.

At its most luxurious, safari-style also stretches to include exquisite buff-coloured, Prada-esque suede or leather jackets.

The very fashion-conscious will replace tapered trousers - or the stretchy jodhpurs that were so popular in the 1980s - with suede jeans with gentle bootleg flares from Jigsaw or Jaeger.

Classic British labels such as Daks, Jaeger, Mulberry, Margaret Howell and Nicole Farhi really excel at smart-casual bush clothing. Daks, for example, has everything from khaki shorts and sand-coloured safari shirts to cream linen Norfolk jackets. Margaret Howell's cream linen wrapover skirt looks wonderful, with just a short-sleeved linen shirt and a leather belt or her khaki, fasten-to-the-neck jacket.

English Patient style relies heavily on natural fabrics - cotton, linen, leather and

The safari look does not necessarily mean gun belts, bush hats and canvas poacher bags

suede - and is also partly a reaction to the super-sleek and shiny man-made fabrics which have recently been fashionable.

That said, some designers have attempted to update certain styles by using synthetics. One of the most desirable and flattering buys of the season - a long beige skirt with a split front by Georges Rech - is made from a synthetic mix which drapes beautifully.

Sand, savannah, cream and khaki are the base colours, but a touch of lavender, lilac or cornflower blue - in the form of a silk scarf or cashmere scoop-neck sweater, for example - can add some pizzazz. Whistles' suede safari jacket (£495) comes in not-so-classic but very covetable shades of lilac or lime, as well as sand.

Don't be afraid to mix in a few animal print accessories - Fratelli Rossetti's zebra skin flip-flops (£145) look good with cream linen.

While few fashion trends can truly be described as classic, safari style never looks dated. After all, you never know when the next film-set in the depths of Africa or the desert will be up there on the big screen.

Pictures..... Glen Burnip
Hair and make-up..... Lesley
Styling..... Karen Wheeler



White linen short-sleeved shirt, from £95, wrapover skirt in washed linen, £175, classic leather belt, £90, all by Margaret Howell, 29 Beauchamp Place, London, SW3, tel: 0171-384 2462. Shoes by Armando Pollar, 35 Brook Street, London W1, tel: 0171-429 7806



Four-pocket cotton military style jacket, £179, and trousers, £115, both by Daks from Simpson, Piccadilly, London W1, tel: 0800-282188 for stockists



Permet suede jacket, £470, white cotton short-sleeved shirt, £90, and cream linen trousers, £120, all by Jaeger, 230-236 Regent Street, London W1, tel: 0171-200 4211. Silk patterned scarf, £58, by Pizzoli from Liberty, 214 Regent Street, London W1, tel: 0171-734 1234

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TRAVEL

This is where the horizontal becomes the vertical," boomed a voice ahead. Suddenly we were pitched up a steep mountain path, on through beech and hornbeam, to emerge in bracken, tufts of bilberry and straggly wild raspberries.

My walking party of 10 was ascending Mount Midzhur in north-west Bulgaria. At 7,000ft, it is one of the giants of the Balkan range, and highest among the jagged ridges that straddle the western border. Beyond us, falling away in sleepy valleys to the west, lay Serbia.

This is one of the least visited, most unsung corners of Europe. Yet it is also one of the most appealing. Here you can breathe in views as beguiling as anything in the Cairngorms or the Dolomites.

Bulgaria is a curious survivor in the post-1989 collapsed communist order. The inflation rate is a recurrent headache for most Bulgarians, especially when buying western goods. Some heavy industries are being phased out. Yet Todor Zhivkov, the grand old man of Stalinism, hovers in the wings and makes forays on television from his suburban exile.

Free enterprise restaurants and garage lock-up shops are sprouting nonetheless and, for the western visitor, money exchange is simple and the cost of living is cheap. A full restaurant meal with wine can be as little as £3.

At the glossier or pricier end of Bulgaria's holiday market you can bank in Black Sea resorts and ski or stay at Sofia's Sheraton (the old Balkan tourist, still a good bet) or Novotel.

You can shop on Vitosha Boulevard, take a bus out to the 12th century Boyana church, and hire a car (western prices) to visit the old-style houses of Stara Zagora or perhaps visit the medieval capital of Veliko Turnovo, or the showpiece monasteries of Rila and Troyan. (ACE Study Tours on 01223-835055 and Prospect on 0181-995 2151 offer trips to the main showpieces in September. Prices are £585 and £795 respectively, with single supplements an extra \$80.)

I tried something rather different – and costing a mere £580 for a fortnight, it was well down the price and comfort range – but just as stimulating. I linked up with Mountains and Monasteries, a company run with a distinctly personal touch by Ted Norrish, a veteran of the Rockies, Carpathians and Hindu Kush, and his Bulgarian wife, Emi. I trekked – by minibus and on foot – into the hills beyond Vratsa, a



A small hillside chapel near Ciprovtsi: deals for handwoven carpets are hammered out in private homes

Roderic Dunnett

Bulgaria – beguiling and very cheap

Roderic Dunnett explores one of Europe's least travelled regions

north-thrusting spur, several thousand feet high, jutting from the main east-west Balkan range.

Old Vratsa is spectacularly situated beneath a limestone massif, which forms a backdrop to a plain, down but just serviceable tourist hotel. Buses include a superb archaeological museum plus thriving café life and a variety of excellent small restaurants. Specially selected Bulgarian wines are included.

Our first day sets the pace: a surge – at times steep – up to the Ledenika Caves complex, in which the main cavern is large enough to stage concerts, and Okolchitsa, the spot where Hristo Botev, idol of the Bulgarian anti-Turkish resistance, met a sticky end aged 27 in a skirmish in 1876, and the Skakliya, a massive 600ft high rockface clearly visible from the town below.

We descend past village peasant smallholdings with arrays of grapes, peaches, pears and drying red peppers and vats brimming with grape or plum rakiya (the best home brew can be 75 per cent-plus proof and alcoholically near-lethal – beware). Bulgaria remains one of the most abundant "vegetable baskets of

Europe", and self-sufficiency helps locals offset the daily scourge of inflation.

In Roman Catholic Ciprovtsi (once a bastion of grisly anti-Ottoman resistance), we sun ourselves in a hospitable *gostinyanitsa* (tourist pension). Old men smoke in the bar by day or set the world to rights in a spirited haze of

The monastery is being impressively renovated with church and private funds

smoke. At breakfast village goats trudge uphill in befeeling cortège; donkeys pull laden carts; geese and ducks strut the street.

Deals for handwoven carpets are hammered out in private homes over coffee and rakiya. Prices – it is best to deal in dollars – seem steep but the quality is good. In a cramped local factory, the speed and dexterity of three old women's hand-weaving skills leaves one in respectful, incredulous

silence. The nearby Orthodox monastery is modest, with a folly-like campania and superb icons.

We continue for a six-mile summer and pass a night at Lopushanski, where Father Emilien presides at the dinner table and holds forth in broken English on the duplicitous Turks, international friendship, green lime tea and the merits of beans in the diet.

The monastery, like others (such as Dobrodol, high above the Danube), is being impressively renovated with funds from church and private sources. Rooms are plain but facilities are improving – although hot water may not always materialise when you want it.

More luxurious is Chisurski, a spacious refurbished complex with a clean restaurant, all the more welcome after two nights passed in mountain hostels where kitchens are communal and plumbing suspect. The views from atop the Kom-Petrohan spine make up for it all. Perhaps no vista on this well-planned trip can compare with the breathtaking panorama from Belogradchik, where dinner on our hotel balcony takes in bizarre out-

crops of shadowed sandstone and the vast sweep, bathed in evening sun, from the Balkans north to the Danube. French, Dutch and Norwegian groups preceded us; they, too, must have found this elevated spa town for its ideal as a place to daily for a week.

Definitely not a trip for the five-star traveller but, for those with a penchant for old eastern Europe, keen on walking, adaptable and willing to share where needed, it is well worth exploring.

Roderic Dunnett travelled with Mountains and Monasteries (tel: 01203-681940, or write to Ted Norrish, c/o 4 Warwick Court, Michelmas Road, Coventry, CB3 6HD). Tours are a fortnight long and places are available from August 27 to September 10 this year and in spring and summer next year.

Have friend, will travel

Grania Langdon-Down on finding a companion

Some people have the wrong idea about Vera Coppard's Travel Companions agency. She once received an application to which she could only respond: "I think what you need is a dating agency."

Travel Companions, in its 10th year, is definitely not a dating agency. What it does do is match people aged between 25 and 75 who seek someone to go on holiday with them.

"The man I had to turn down said he wanted to be matched with someone attractive, with a sense of humour, lively, and had crossed out the bit on the form which asked whether you wanted a room on your own," said Coppard.

"We stress very much that we are not a dating agency. But nearly all the men ask to be matched with someone tall and attractive. We always ring back and say we do not ask those questions. Also, sharing rooms is generally not the case when we match up people of different sexes."

This does not preclude romance altogether, however. "We have had a few marriages, maybe three or four over 10 years, but mainly people come back from their trips as very good friends."

She asks anyone wanting to become a member of her agency to be as realistic about themselves as possible when filling in their forms, so that people with similar interests, who are likely to find each other congenial, can be matched together.

The benefits to the clients are that sharing holidays makes them more fun and often much cheaper, for instance, by sharing rooms and costs of car hire.

Some of those joining have been very specific. One woman wrote: "I am a piano teacher so my cycling would be at a leisurely



Coppard: matching up

pace"; another that "I sneeze in pine and eucalyptus forests"; and a third, "I have a strong aversion to anything to do with vomiting."

While most women ask for a female companion, one wrote: "I am vaguely trying to go to south-east Asia and would like a male companion – definitely not money pinching."

Subscribing to Travel Companions costs a one-off fee of £50. For this, it supplies first names and telephone numbers, for reasons of confidentiality, of people with similar interests from among the 2,000 names on its books. If no one "fits", Coppard will go on looking until one does.

The fee covers a number of introductions. If none results in a holiday within the first year of joining, the subscription lasts another year. It does not always work first time.

"We put one person in touch with a possible companion but she rang back afterwards and said, 'I didn't like the way she smiled' and asked for another introduction."

Coppard, who is widowed, started the agency in 1986 after complaining to a friend that she loved to travel but did not like staying in hotels on her own.

"People look at you askance. I did go to Portu-

gal with a group but if I was talking to a couple, I felt they were worried that I would be hanging round them all evening."

"So my friend introduced me to Lisa Harrison, who was in a similar position and we went to Spain and thought it was such fun we should do something with the idea."

So Travel Companions was born. Harrison now helps out in a consulting role, while Coppard runs the agency with the help of a secretary and a computer.

"We can suggest small tour operators who specialise in exciting trips but that is all. We are a non-profit making organisation – the 250 covers overheads, such as printing, postage, telephone," said Coppard. "I originally thought the idea would mainly attract people who were widowed or on their own. But quite a lot of people join because their partners either cannot travel because of their health or because they have such different ideas of what they want to do."

Coppard has herself benefited from the agency, teaming up with someone who rang to find out about Travel Companions from Hong Kong.

"We chatted on the telephone and when she sent back the form she had written on it 'Why don't we go together?'. She had been widowed at the same time as I was but had married again. We have many different interests but we got on extremely well and we have been to Vietnam and India together and had some fascinating times."

"Most people go to Europe for their first trip. I took a risk with Margaret but it paid off."

Travel Companions, 110 High Mount, Station Road, London NW4 3ST. Tel: 0181-202 8478. Stamped addressed envelope preferred.

Hotel Pampered in the sun

Mary Bunter enjoys a therapeutic break in southern Spain

Call me old-fashioned, but... until recently my idea of a spa break was relaxing in a country hotel, permanently robed in thick, white towelling and facepack and wondering where my next square meal was coming from.

All that has changed apparently. Or at least it has at the Las Dunas Beach Hotel and Spa, between Marbella and Estepona in Andalusian Spain.

Here, you can actually see the remains of your last square meal squidge past in the tubes of the colonic irrigation apparatus in a clinic offering full diagnostic and treatment regimes for a variety of complaints.

The Regena Sol Clinic, run by German doctors Rosmarie and Hans Bernerth, styles itself as "a clinic as well as a pampering spa". Guests enrolled on any of the packages start their programme with a medical – blood pressure, weight, discussion of muscular and dietary problems – and progress to treatments as diverse as injections of biological serum claimed to sort out stress and heart problems and stimulate the immune system, to inhalation of ionised oxygen. This is a bit like climbing Mount Everest without a mask, I imagine.

The clinic seemed a little empty during my three-day stay. I pondered on the likely response of my own doctor if I returned home with any slight ailment which could be linked to strange treatments undertaken abroad. Germany alone has about 6,000 similar health clinics.

I decided to head for the pampering area and it is there that Las Dunas comes into its own. There is a fully equipped thermal gymnasium, marble jacuzzi, sauna



Information

Las Dunas Beach Hotel and Spa (tel: 0034 929494545, fax: 929494225). Prices per person in a twin including breakfast and private car transfers from Málaga airport start at £510 for three nights low season, booked through Elegant Resorts (01244 687777).

British Airways scheduled services, transferred to Gatwick, fly to Gibraltar daily from London's Heathrow and Gatwick airports, with regular flights also from Manchester.

There is a special five-star, end-of-the-century stay which includes a helicopter trip to the Sierra Nevada for skiing, spa sessions with thalassotherapy, massage jacuzzi or an algae bath, a make-up session at the Janet Sartin beauty salon, a new year's eve gala dinner with fireworks display, live music and dancing and more. The price of the seven-night, half-board package for two? £7,250.

and cold plunge pool area and a beauty treatment centre offering everything from eyelash and brow tinting to sea water baths and Shiatsu body massage.

Coupled with the region's micro-climate – 360 days of sunshine at an average temperature of 70°F – Las Dunas is an ideal choice for that therapeutic autumn break.

The hotel is a 50-minute drive from Málaga airport and is also easily accessible from Gibraltar. The five-star hotel opened in Febru-

ary last year and within three months became the youngest ever member of the Leading Hotels of the World group.

Three storeys high and built in the style of a Spanish hacienda, the hotel is the first for 30 years to be built directly on the beach front, with views of the Mediterranean, Gibraltar and northern Africa.

Its shoreline position makes it ideal for guests arriving by yacht – whether for a stay of several days or

just for lunch, with the hotel's communications centre ensuring the seafood is at its freshest and the champagne at its coldest the minute guests step ashore.

Las Dunas has achieved a lot in its short lifetime. Host to the sponsors of the 1997 Ryder Cup tournament scheduled to be played at the Valderrama Golf Club in Sotogrande, it is testament to the area's superb golf courses and facilities. Hotel guests have a choice of 27 courses in the vicinity.

The hotel plays down its already impressive guest list of film stars, many of whom come for privacy and relaxation. Even the reclusive Robert De Niro has stayed at Las Dunas.

The hotel's unusual interior design, which accommodates 75 guests, many of them in suites, was created by Belgian artist Marie de Troostenberg using landscape imagery and trompe-l'oeil effects.

Its Restaurant Lido is overseen by Italy's three-star Michelin chef Heinz Winkler. Light diets are available for those who prefer to count their calories, but everything the kitchen produces is based on the premise of healthy eating.

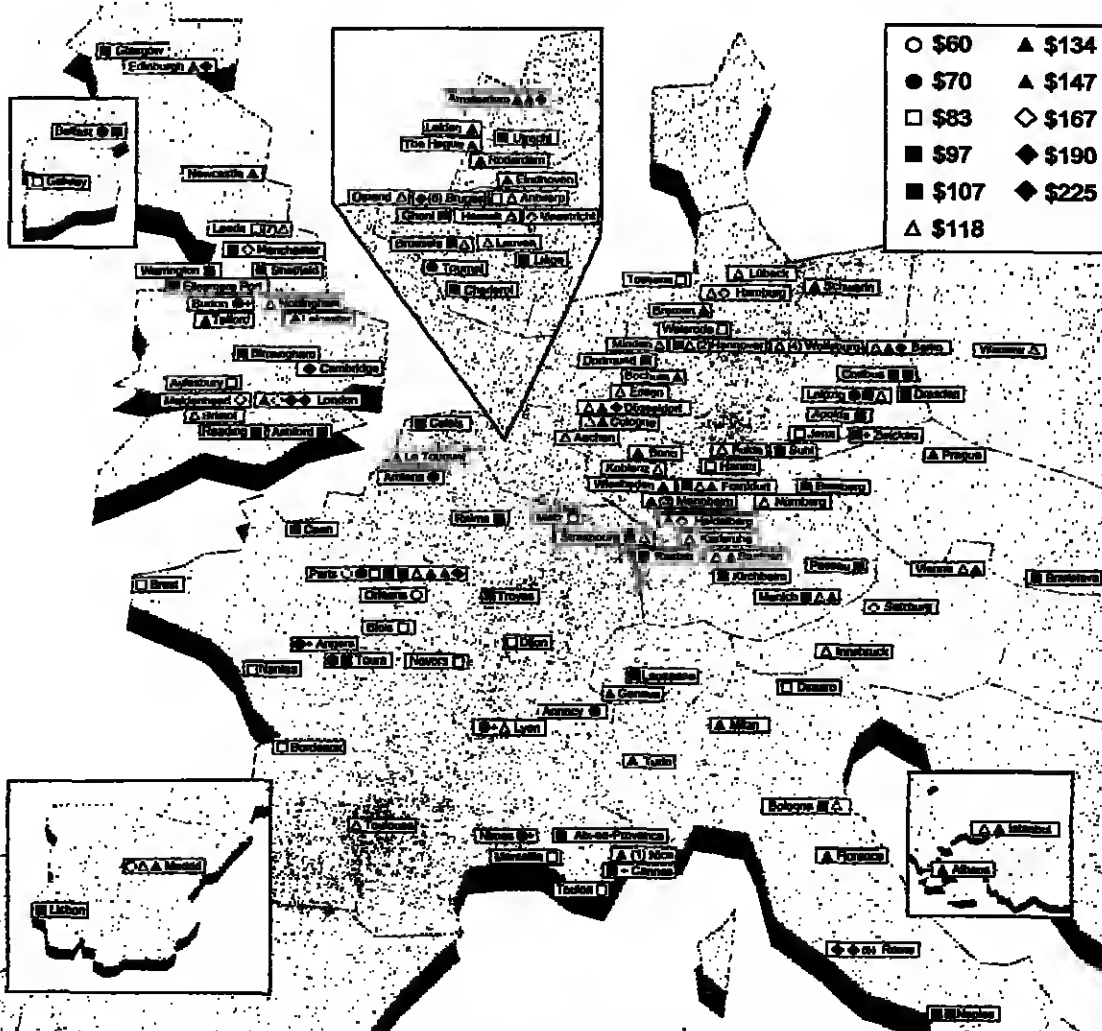
Las Dunas has begun growing its own organic foods at a nearby farm, which also provides free-range chickens and eggs.

The hotel also offers adjacent deluxe service apartments. Las Dunas suites, which opened at Christmas, are connected to the main building through the gardens. The apartments are attracting interest from families and long-staying guests. There are one-, two- and three-bedroom suites with fully fitted kitchens, although guests are welcome to use the hotel.

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TRAVEL



Trentino

More history than you can handle

Adrian Gardiner's longing to escape the clutches of his tour guide inspires a new Italian recipe in his fertile imagination

Plitz to follow me! Our guide is Marcia. She is new to the job but knowledgeable - and will not be happy until we have seen every castle, cathedral, museum and palazzo in northern Italy. And heard their history in detail from about AD700 to date.

Trento, the regional capital, has the massive fortress of Buonconsiglio - "good advice". "Pliz! The original nucleus of the Castelvecchio, the old castle, was considerably renovated by George of Liechtenstein around 1400. He was also responsible for commissioning the famous frescoes, 'The Months', in the Eagle Tower. Pliz! As frescoes go, they are fab. The town is stuffed with Renaissance art of the highest calibre. But my attention is on something more pictorially interesting: a walkers' map of the nearby mountains.

Trento lies in a sunlit valley of the river Adige, surrounded by the Dolomites. It is prime skiing territory but in early April, the season is over and those "thousands of people dressed like liquorice allsorts", as someone put it, have gone.

So, let us see. Suppose I took the cable car across the valley to Sarnon, where the well-heeled Trento commuters live. Could I make it

to the Rifugio Viotto, cutting across the Molino ridge? Looks about six miles. Call it 12, as the path climbs from 2,000ft to 5,000ft. Then next day...

"Pliz! In 1476, a new courtyard was built. It is in early Venetian-Renaissance style with an open Gothic loggia. Then in the 16th century Bernardo Cles, the Prince Bishop... Please, if I hear the Prince Bishops mentioned once more I shall scream. Or throw myself off

In the main piazza pigeons bathe in Neptune's fountain and mop up lunchtime crumbs

a mountain. Now, from Viotto I could go south past the famous alpine botanical gardens towards the Cornetto - cue for a song - which at 7,000ft is the highest peak on Monte Bondone, and...

"Pliz! This is a most important cathedral. It was consecrated in..." Well, I am sure it is, Marcia. Trouble is, by the age of

10 I had seen more cathedrals than she had eaten plates of tagliatini al bacio e pomodoro basilico. The ideal view of a cathedral, I think, is from 50 yards away, preferably seated at a pavement café with a cappuccino or cold beer. Here you can admire the cathedral and drink in the timeless drama of Italian street life.

So I escape and do just that, in the main piazza, where pigeons bathe in Neptune's fabulous fountain and mop up the crumbs of students' lunchtime sandwiches on the steps below. "Pliz! Marcia looks cross. 'This is a most important fountain. It was built...' No, let me guess. By the Prince Bishop?"

Trento, and the Alto Adige region to the north, the border with Austria, are newcomers to the Italian state. Before 1918 they belonged to the Austro-Hungarian empire. The terrorist scares of the 1960s have waned into occasional separatist graffiti, such as that which I saw on a café wall: "Ein Tirol".

Trento is famous for wine. The accent is on quality, not quantity: 55 per cent of Trentino wines carry the prestigious DOC label, compared with a national average of 15 per cent. Most are white, including metodo classico and the sweet, after-dinner vino santo. I particu-

larly liked the robust reds: Teroldego rotaliano, and Marzemino, mentioned in a Mozart opera.

Rovereto, half an hour from Trento, holds an annual Mozart festival in September, where the 13-year-old prodigy gave his first concert in Italy. That was in 1769. Trento and Rovereto have good galleries of modern art, the latter a showcase for 20th century local futurist artist Fortunato Depero. Also in Rovereto, the castle hosts - pliz - a most important war museum.

We meander down to Lake Garda, pausing to admire the Castel Toblino, picturesquely reflected in its lake. We stop for lunch in Arco at the Alla Lega restaurant sited in an old palazzo. The vaulted ceiling is decorated with frescoes of heraldic shields, including that of Jacob di Cles who was no doubt related to a Prince Bishop or two.

"Pliz! Arco is a most important town. Here in 1495..." Lunch includes strangozapreti, a local speciality made of cheese and spinach: the name means "strange the priest". I shall be publishing my recipe for strangozapreti in due course.

The tip of the iceberg, the top 10th of Lake Garda, is in Trentino; the rest in Lombardy. Turbale and Riva del



From the 12-part 'Months': one of the important frescoes in the castle of Buonconsiglio. Adrian Gardiner

Garda (the world wind-surfing capital) are resort towns, popular with Germans. Goethe was the first German tourist. I ask Marcia about other writers, for Garda attracted them like moths to a lamp.

"Pliz! Thomas Mann was a most important writer who..." She does not mention two important 20th cen-

tury writers, D.H. Lawrence and Franz Kafka, who almost met there around 1912.

Lawrence wrote: "Quite beautiful, and perfectly Italian: roses, oleanders and grapes in the garden." Nor has Marcia heard of Henrik Ibsen, another writer who was attracted to the area. Back then it was an isolated,

superstitious place and the Ibsens had to leave: they were protestants in a Roman Catholic community and the writer's ghost stories scared the locals.

Max Brod, Kafka's biographer, places the great novelist in Riva. Here, Kafka lost his virginity (the story goes), and his Hunter Gracchus was inspired by a "clumsy

old craft" at Riva's quayside. Then Kafka fell in love with a young Swiss girl who reminded him of the "sour scent of the laurel".

We take a boat trip. "Pliz! This is very important lake." Indeed it is. South of it, at Gardone, the poet, writer and soldier Gabriele D'Annunzio had his extraordinary villa stuffed with oggetti d'arte.

His bathroom alone contains 8,000 bizarre souvenirs of his campaigns and travels. He was a pal of Mussolini. When fascism collapsed, the man urban myth says made the trains run on time was installed as the dictator of the ignominious republic of Salò, a town south of Gardone. That is history.

Today, I am in the Hotel du Lac et du Parc, which is just the kind of place you stay and write a prize-winning novel. Rebecca is saying would you stop scribbling and get your coat on? We are going to hit the town. But "Pliz! I still have my map. I am figuring out whether I could traverse Does Abramo to the village of Cimone. There is a hanging bridge centre along the way. Maybe I could catch a lift to the bottom of the valley.

Trentino APT (tourist board), via Romagnesi 3, 38100 Trento, tel: 461 839000, fax: 260245. (Prefix 00 39 from UK.) It publishes a wide range of material; best to specify your interests.

Grand Hotel Trento, via Alfiera 1/3, 38100 Trento, tel: 461 271000, fax: 461 271001. Hotel du Lac et du Parc, 38066 Riva del Garda, tel: 0464 551500, fax: 0464 555200.

Getting there: we flew from Staines to Milan via Air UK, which has expanded its European schedules since its tie-up with KLM. It flies to Milan three times daily; current cover return is £149. Call 0645-666777.

update...update.

STAGE AND STAY: Thistle Hotels, largest hotel group in London, and Stoll Moss, theatre operator, offer a theatre breaks package including 20 hotels and all the big hits: *Miss Saigon*, *An Inspector Calls*, *Phantom*, even *The Mousetrap*. Cost from £66, brochure from +44 0345-585707. Or stay at Wrea Head country house hotel in Scarborough in a package including a play at Alan Ayckbourn's theatre: call +44 01723-374374.

CUT COUTURE: Take the Paris Shopping Tour, an all-day walking tour of boutiques and fashion quarters, and you get up to 70 per cent off official prêt-à-porter prices of top designer labels. In English, and costs FF260 (lunch extra, half-day tour less). Call 142 94 13 87.

SUNBURST COUNTRY: Heading down under? Call 0890-561434 for the Australian Tourist Commission's free 128-page guide to travelling to and around Australia. There is also an Aussie Helpline 0890-022000 - to connect you to specialists on different areas who can give you advice based on local knowledge. Australian visas are now instantly electronically available from travel agents and airlines for British visitors.

AMERICAN ABROAD: 30 years ago, American Mrs Norris Fowler was the mayor and policeman to have a car in the Andalusian village of Casares. Now almost 80, she has restored her country house there: it sleeps six, and you can rent it through Spain at Heart on 01373-836070.

BEAR WITH ME: Put a smile on your face in the taga - Wild Explorer Holidays (+44 1471-822487) runs trips to the Russian forests in search of wolves, beavers, bears, and for a look at the way of life in rural Russia.

ALL THAT JAZZ: Crystal Cities will get you to the Montreal Jazz Extravaganza (June 26-July 6), Vienna Alive with Jazz (June 28-July 10), Copenhagen Jazz Festival (July 4-13): call Pennysylvania 6-5000... no, sorry, +44 0181-241 5040.

For the Montreux Jazz Festival (July 4-19), try Lakes & Mountains Holidays (01329-844405); and for the Calvi Jazz Festival on Corsica (June 19-28), call Cresta Holidays (0161-926 9999).

MASS APPEAL: 70 years after the Fitz-Carion hotel opened in Boston, you can take an anniversary break there, for prices ranging from \$700 to \$70,000. The latter includes two nights for two in the presidential suite, use of a Mercedes-Benz E320, dinner for 12 in the wine cellar... and monogrammed bathrobes. Details on 0800-234000.

WEB WEEKENDS: Inter-Continental Hotels and Resorts has launched Europe's first internet hotel discount booking programme, Click-it Weekends. Every week a range of discounted rates at many European hotels will be published for that weekend only. Click on <http://www.travelweb.com/>

BACK TO THE CRIME: A re-enactment of the Charge of the Light Brigade, with much reduced death toll, will be a highlight of the Royal Pageant of The Horse, staged as part of the Queen's golden wedding anniversary celebrations in Windsor Great Park on July 5. Shearings Holidays (01942-824824) offer a weekend break built around it.

WING AND PRAYER: MasterSun has launched a Christian winter sun brochure featuring Cyprus (mentioned seven times in the New Testament), Holidays all have Christian leaders and include time for Bible teaching, prayer and worship, and meeting fellow Christians. Call +44 0181-942 9442.

UP, UP AND AWAY: Hot air balloon rides are on offer during a country house weekend at Castle Ashby, Northants (+44 1604 696 996), on August 15-17; so are horse and carriage rides and *The Magic Flute* on the lawn. Or try the Hellows'en murder mystery weekend, £385 a head, £130 extra for the night.

John Westbrooke

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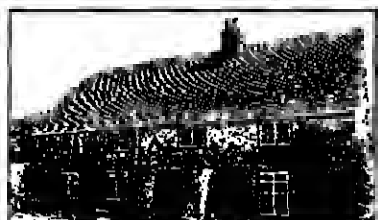
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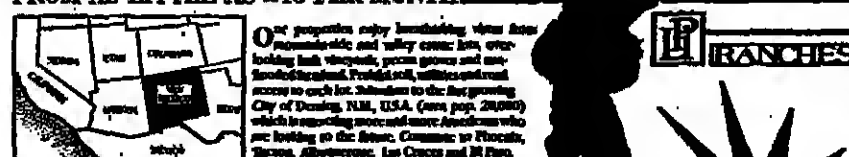
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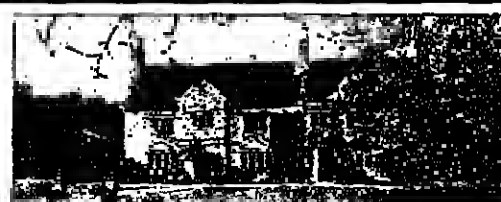
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What's on in the principal cities

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-6644003
 ● Netherlands Philharmonic Orchestra with conductor Hartmut Haenchen and alto Hebe Dijkstra in works by Varèse, Vermeulen and Zimmermann. Part of the 1997 Holland Festival; Jun 10
 ● Orchestra of the Age of Enlightenment with conductor Sir Simon Rattle in works by Schubert and Beethoven; Jun 9

EXHIBITION

Van Gogh Museum Tel: 31-20-5705200
 ● *Van Gogh 1900: Portrait and Interior*: exhibition featuring paintings and applied arts from Van Gogh, spanning the years 1870-1918. Highlights include works by members of the Wiener Secession movement (with Gustav Klimt as its most important representative) and portraits by the Expressionist artists Egon Schiele and Oskar Kokoschka; to Jun 15

BALTIMORE

EXHIBITION

Baltimore Museum of Art Tel: 1-410-396-6300
 ● Laurie Simmons: *The Music of Regret*: the first retrospective display of work by the American photographer, featuring 153 works from her most significant series of the last 20 years. Simmons came to the fore in the early 1980s when her work was linked with Cindy Sherman's, both artists using the medium to create fictional scenes and to manipulate images; to Aug 10

BARCELONA

EXHIBITION

Fundació la Caixa Tel: 34-3-4588907
 ● *Amelia Peláez, Frida Kahlo, Tarsila do Amaral*: exhibition examining the roots of Modernism and contemporary art in South America through the work of the three female artists. 100 works on display establish the similarities and differences between the women, the contact they had with European movements and their own journeys to discover the roots of their countries; to Jul 27

BERLIN

CONCERT

Konzertsaal Berlin Tel: 49-30-203090
 ● Ulf Wallin and Bruno Canino: the violinist and pianist perform works by Hindemith, Stravinsky, Mozart and Fauré; Jun 10

OPERA

Deutsche Oper Berlin Tel: 49-30-3438401
 ● *Le Nozze di Figaro*: by Mozart. Conducted by Stefan Soltesz. Soloists include Lenus Carlson, Margaret Marshall and Fionnuala McCarthy; Jun 13
 Staatsoper Unter den Linden Tel: 49-30-20354438
 ● *La Didone*: by Cavalli. Conducted by Thomas Hengelbrock. Soloists include Leonore von Falkenhausen, Wessala Zlateva and Max Emanuel Cencic; Jun 9, 10

BILBAO

EXHIBITION

Museo de Bellas Artes Tel: 34-1-4119336
 ● *Del vedutismo a las primeras vanguardias*: display featuring 40 paintings and four sculptures from the collection of Baroness Carmen Thyssen-Bornemisza, including works by Canaletto, van Gogh, Picasso, Kirchner and Kandinsky; to Jun 30

BIRMINGHAM

JAZZ & BLUES

Symphony Hall Tel: 44-121-2002000
 ● The Herb Miller Orchestra and Singers: with conductor John Miller, perform music by Glenn Miller; Jun 9

BONN

OPERA

Oper der Stadt Bonn Tel: 49-228-7281
 ● *Guglielmo Ratcliff*: by Mascagni. Conducted by Jorge Rubio. Soloists include Giancarlo Bordini, Marisa Vitale and Carlo Gueffé; Jun 8, 11, 14

BRUSSELS

CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200
 ● Chamber Orchestra of Europe: with conductor Bernard Haitink and mezzo-soprano Michelle DeYoung in works by Mozart, Wagner and Brahms; Jun 12
 Théâtre Royal de la Monnaie Tel: 32-2-2291200
 ● *Boje Skovhus*: performance by the baritone, accompanied by the pianist Helmut Deutsch. The programme includes works by Haydn, Grieg, Schubert and Lange-Müller; Jun 14

CANBERRA

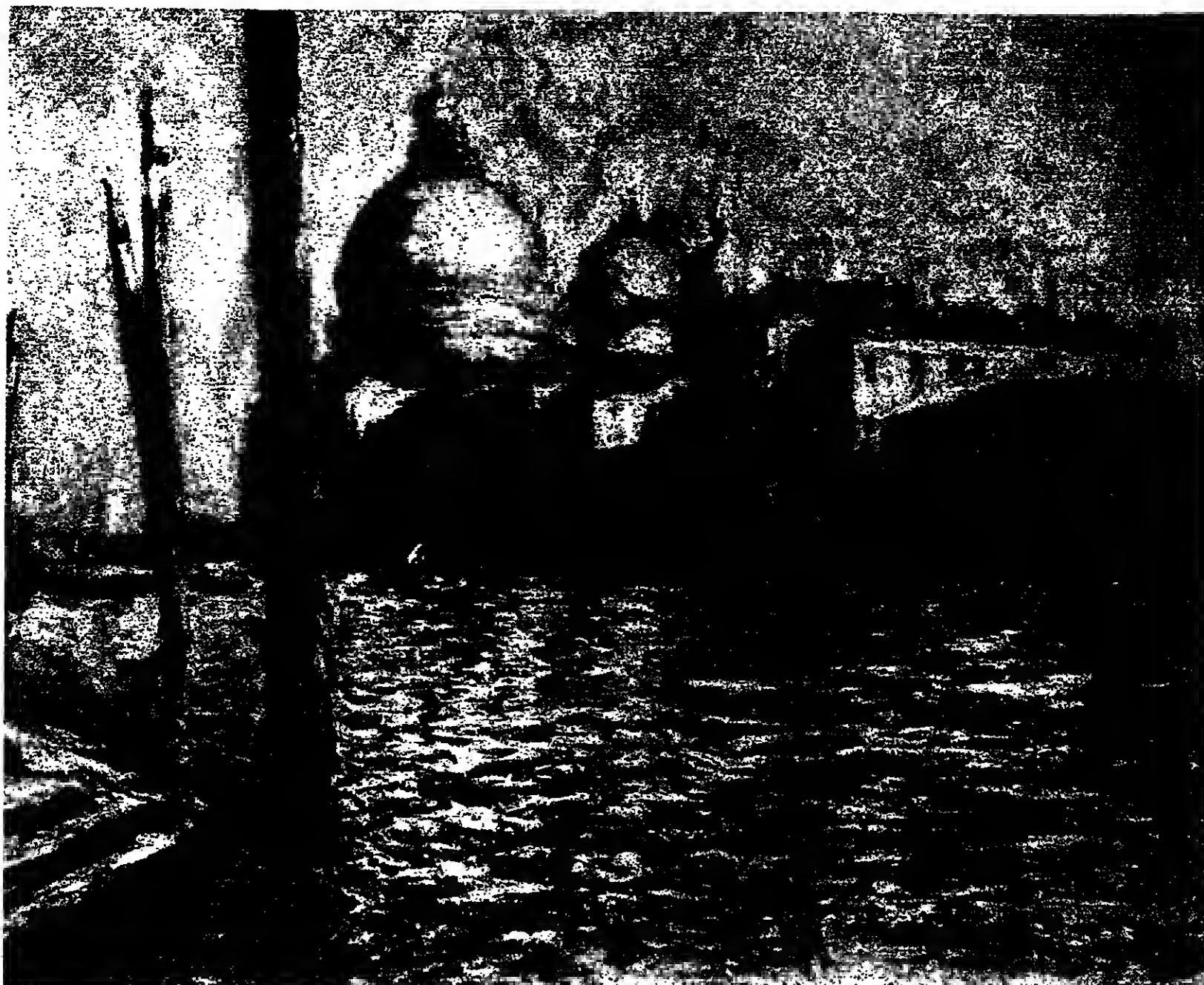
EXHIBITION

National Gallery of Australia Tel: 61-6-240-6411
 ● Jasper Johns: Prints 1968-1990: display of print work by the American pop artist famous for his paintings and sculptures that provided twists on representations of everyday objects including flags, signs and beer cans. Johns' print work uses a range of techniques, from the latest technology to traditional methods; to Jul 13

CHICAGO

EXHIBITION

Art Institute of Chicago Tel: 1-312-4433600
 ● *Michelangelo and His Influence*:



'Grand Canal and Santa Maria della Salute', by Claude Monet, Venice, 1908, painted on one of the journeys which are the subject of an exhibition opening tomorrow in Fort Worth

Drawings from Windsor Castle: exhibition examining examples of Michelangelo's draftsmanship with the aim of demonstrating the impact of the artist on the imagination, technique, style and imagery of his contemporaries and successors; to Jun 22

THEATRE

Steppenwolf Studio Theatre Tel: 1-312-3351888
 ● *Radio Tears: Stories from This American Life*: by Glass. Performed by The Curious Theater Branch. The cast includes Ira Glass and Beau O'Reilly; Jun 8

COLMAR

EXHIBITION

Musée d'Unterlinden Tel: 33-3-89 20 15 50
 ● *Tal-Coat (1905-1985)*: display featuring 60 paintings and 20 drawings by the artist whose work has been influenced by a number of modern painters, including Picasso and Matisse; from Jun 14 to Sep 14

COPENHAGEN

EXHIBITION

Ny Carlsberg Glyptotek Tel: 45-33 41 81 41
 ● *In the Sacred Grove of Diana*. Finds from a Sanctuary at Nemi: exhibition of objects excavated in the vicinity of the crater-lake below the small town of Nemi, south of Rome. In ancient times this was the location of a sanctuary to the goddess Diana, who in her various aspects protected the fertility of humans and animals; to Aug 31
 Louisiana Museum of Modern Art, Humlebaek Tel: 45-49 19 07 19
 ● *Sunshine and Noir*: Art in Los Angeles 1960-1997: large-scale exhibition featuring the work of 50 artists from or based in Los Angeles, including David Hockney, Edward Kienholz, Paul McCarthy, Bruce Neuman and Catherine Opie; to Sep 7

DRESDEN

EXHIBITION

Staatliche Kunstsammlungen Dresden - Porzellansammlung - Zwinger Tel: 49-351-4914619
 ● *Frühes Meissener Porzellan*: exhibition of some 300 objects of Meissener porcelain from three German private collections. The objects on display were made between 1725 and 1756; to Jul 13

DUSSELDORF

EXHIBITION

Kunsttheater Düsseldorf Tel: 49-211-8996240
 ● *Heinrich Heine*: exhibition that places works by the German poet in the context of artistic practices and trends during his lifetime; to Jul 20

ECHTERNACH

CONCERT

Basilique D'Echternach Tel: 352-728347
 ● *Hommage à Astor Piazzolla*: performance featuring Gidon Kremer, Per Arne Glorvigen, Vadim Sakharov and Alois Posch. Part of the 1997 Festival International d'Echternach; Jun 12

EDINBURGH

EXHIBITION

National Gallery of Scotland Tel: 44-131-5568921
 ● *Sir Denis Mahon Collection*: exhibition of works from the collection of Sir Denis Mahon, art historian and champion of 17th century Italian painting. Previously shown at the National Gallery in London, the exhibition features works by Guercino, Guido Reni, Domenichino and Annibale Carracci, Luca Giordano,

Pietro da Cortona and Johann Liss; from Jun 13 to Sep 21

FORT WORTH

EXHIBITION

Kimbell Art Museum Tel: 1-817-8771264
 ● *Monet and the Mediterranean*: "It is so beautiful here, so bright, so luminous. One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908. Assembled from public and private collections, these paintings provide a survey of the great Impressionist's encounters with Mediterranean colour and light. In Texas until Sep 7, the exhibition will then travel to the Brooklyn Museum of Art

FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400
 ● *Chamber Orchestra of Europe*: with conductor Bernard Haitink, in works by Mozart, Wagner and Brahms. Soloists include mezzo-soprano Michelle DeYoung; Jun 10

GRAZ

EXHIBITION

Josanneum Neue Galerie Tel: 43-316-829155
 ● *Egon Schiele: Leopold Collection*: display of work by the Austrian painter, featuring 152 works from the collection of Prof. Rudolf Leopold. Schiele's work rejected the more decorative elements of the Vienna Secession, producing instead a series of distorted images and unnatural colours; from Jun 18 to Sep 14

LEIPZIG

CONCERT

Gewandhaus zu Leipzig Tel: 49-341-12700
 ● *Gewandhausorchester*: with conductor Herbert Blomstedt in works by Bartel and Brahms; Jun 12, 13

LILLE

CONCERT

Opéra de Lille Tel: 33-3-20 14 99 25
 ● *Zaide*: by Mozart. Concert performance, conducted by Paul Goodwin and performed by the Academy of Ancient Music. Soloists include Lynne Dawson, Hans Peter Blochwitz, Herbert Lippert, Olaf Bär and Christopher Purves; Jun 13

LISBON

EXHIBITION

Centro Cultural de Belém Tel: 351-1-3612400
 ● *Donald Judd*: Sculpture, Furniture, Prints: this exhibition of works by the American minimalist artist Donald Judd focuses on the interdependence of his works in the field of visual and applied arts. It features sculptures from the 60s to the 90s, furniture - including the first chair prototypes - and prints; to Aug 10

LONDON

ART & ANTIQUE FAIR

Grosvenor House Tel: 44-171-4956406
 ● *Grosvenor House Art & Antiques Fair 97*: annual fair featuring some 90 international art and antiques dealers. Works on sale include paintings, furniture, ceramics, silver, jewellery and other works of art; from Jun 12 to Jun 21
 Park Lane Hotel Tel: 44-181-742-1511
 ● *International Ceramics Fair & Seminar*: the 16th edition of this event, drawing exhibitors, lecturers and visitors from all over the world. This year's event features a loan exhibition showing the birth of English porcelain

through the satirical eye of William Hogarth, created especially for the fair on the 300th anniversary of Hogarth's birth; from Jun 13 to Jun 16

AUCTION

Sotheby's Parke Bernet & Co. Tel: 44-171-4938080
 ● *Important French and Continental Furniture & Decorations*: highlights include a pair of Louis XVI bronze and gilt-bronze candelabra; Jun 13

CONCERT

Royal Festival Hall Tel: 44-171-9604242
 ● *Philharmonia Orchestra*: with conductor Mikhail Pletnev and pianist Ivo Pogorelich in works by Tchaikovsky and Sibelius; Jun 10

EXHIBITION

Eskenazi Ltd Tel: 44-171-4935464
 ● *Chinese Buddhist Sculptures*: exhibition spanning nine centuries, from an Eastern Wei (534-549 AD) dated marble stele of Guanyin to an early Ming (1368-1450 AD) painted and gilded wooden figure of a bejewelled Bodhisattva. The works range in size from an intimate gilt bronze figure of a Buddha of the Tang period (618-907 AD) which is 19cm high, to a marble figure of the Sui period (581-618 AD) which stands over 2 metres; from Jun 10 to Jul 12
 Tate Gallery Tel: 44-171-8878000
 ● *Elsworth Kelly*: display of work by the American abstract painter, who first emerged in the 1950s in the trail of the Abstract Expressionists, developing a more detached form of large-scale abstract paintings. The exhibition, the first Kelly retrospective to be held in Britain, features 60 works, both paintings and sculptures, from 1949 to the present day; from Jun 12 to Sep 7

THEATRE

Shakespeare's Globe Tel: 44-171-4019919
 ● *Starting tomorrow*, the first season in the newly completed theatre begins with a two-week 'Festival of Firsts', which includes the first nights of the company's first two productions: *Henry V*, directed by Richard Olivier and starring Mark Rylance, opens on Jun 14 (reviewed on p. X1); *The Winter's Tale*, directed by David Freeman, opens on Jun 19. Middleton's *A Chaste Maid in Cheapside* and Beaumont and Fletcher's *The Maid's Tragedy* follow in August.

LUXEMBOURG

EXHIBITION

Casino Luxembourg - Forum of Contemporary Art Tel: 352-225045
 ● *Perspectives*: inaugural exhibition at this new museum, featuring works by such modern art icons as Cragg, Sherman, Schnabel and Levine; to Jun 29

LYON

EXHIBITION

Musée des Beaux-Arts de Lyon Tel: 33-4-72 10 17 40
 ● *Un combat pour l'art moderne*, hommage à René Dorey: exhibition featuring 80 works selected from the Museum's own collection, including works by Léger, Dubuffet, Villon, Picasso and Berraz; to Aug 17

OPERA

Opéra National de Lyon Tel: 33-4-72 00 45 00
 ● *Dédales*: by Dufourt. Conducted by Claire Gibault, performed by the Orchestre, Maitreise and Atelier Lyrique de l'Opéra de Lyon. Soloists include Alketa Cela, Anne-Christine Heer and Corinne Marquet; Jun 10-14

MADRID

CONCERT

Auditorio Nacional de Música Tel: 34-1-3370100
 ● *Orchestra of the Age of Enlightenment*: with conductor Sir

and pianist Andreas Staler in works by Mozart; Jun 10

EXHIBITION

Centre Georges Pompidou Tel: 33-1-44 78 12 33
 ● *Fernand Léger (1881-1955)*: retrospective featuring 220 works by the French painter who developed his art from early Neo-Impressionist and Futurist beginnings to a much-admired form of Cubism that used bold colour areas that were to have a major influence on the works of Mondrian; to Sep 29
 Galerie Nationale du Jeu de Paume Tel: 33-1 47 03 12 50
 ● *César*: retrospective exhibition devoted to the work of the 20th-century French sculptor César (Baldaccini). The main part of his work consists of figurative work: assemblages adding up to figures made with found and discarded iron scraps and machine parts. Included in the exhibition are his "Compressions", "Expansions" and "Pouces"; from Jun 10 to Oct 19

PHILADELPHIA

EXHIBITION

Rosenbach Museum & Library Tel: 1-215-732-1800
 ● *Bram Stoker's Dracula: A Centennial Exhibition*: exhibition marking the 100th anniversary of the publication. On display is a collection of Stoker's manuscript notes and outlines for the novel, shown alongside photographs, letters and other objects of interest; to Nov 2

REYKJAVIK

EXHIBITION

National Gallery of Iceland Tel: 354-5621000
 ● *The Saga Visible*: exhibition of paintings, sculptures and prints by Icelandic artists that have been inspired by Icelandic sagas. The exhibition is organized on the occasion of the completion of the return by Denmark of a series of manuscripts of sagas to Iceland. Over the past 25 years, some 1,400 early Icelandic manuscripts have found their way back to their homeland; from Jun 7 to Jul 20

STOCKHOLM

EXHIBITION

Nationalmuseum Tel: 46-8-6684250
 ● *Carl Fabergé*: Sweden's first large-scale Fabergé exhibition includes enamel caskets studied with diamonds and rubies, picture frames of Carolean birch, small sculptured animal figures and, of course, a number of his famous jewel encrusted eggs, including an Imperial Rose Trellis Egg, made in 1907; from Jun 12 to Sep 19

STRASBOURG

FESTIVAL

Festival de Musique de Strasbourg Tel: 33-3-88152929
 ● *Festival de Musique de Strasbourg*: this year's festival celebrates the works of Schubert, Mendelssohn and Brahms, with performances by the Ensemble Orchestral de Paris, the Philharmonie des Nations and the Orchestre de Chambre Franz Liszt. Opening the festival is a performance of works by Beethoven by the Sinfonia Varsovia, with conductor Lord Yehudi Menuhin, violinist Daniel Hope, pianist Frank Bradley and the Frankfurt Singakademie; from Jun 12 to Jul 5

SYDNEY

EXHIBITION

Museum of Contemporary Art (Inc. Power Gallery of Contemporary Art) Tel: 61-2-241-5878
 ● *Asia Pacific Triennial - Artists from China*: exhibition of work reflecting the transitional and experimental nature of contemporary Chinese art. Featured artists include Wang Guang Yi, Zang Xiaogang and Chen Yan Yin; to Jul 20

OPERA

Sydney Opera House Tel: 61-2-250-7127
 ● *Don Giovanni*: by Mozart. Conducted by Roderick Brydon, performed by Opera Australia. Soloists include Paul Whelan, Stephen Bennett, Gillian Sullivan and Maria Politina; Jun 7, 11, 14

TAMPERE

FESTIVAL

Tampere Choir Festival Tel: 358-31-196136
 ● *Tampere Choir Festival*: this annual international choir festival, featuring concerts and a contest, was founded in 1975. Among this year's performers are Tavagna, who perform polyphonic songs, the French octet Les Jeunes Solistes and Singer Pur from Germany; from Jun 11 to Jun 15

VIENNA

CONCERT

Konzerthaus Tel: 43-1-7121211
 ● *Alfred Brendel*: the pianist performs works by Schubert. Part of the Nationales Musikfest der Wiener Konzerthausgesellschaft; Jun 9
 ● *Wiener Philharmoniker*: with conductor Riccardo Chailly and the Slovak Philharmonic Choir in works by Schumann and Janáček; Jun 10

WASHINGTON

EXHIBITION

National Gallery of Art Tel: 1-202-7374215
 ● *Crown Point Press*: while other workshops were focusing on lithography and screenprinting in the 1960s and 1970s, Crown Point Press became the preeminent place for painters and sculptors interested in etching. This exhibition ranges from minimalism to realism and runs from Jun 8 to Sep 1

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Weekend Investor

Wall Street

Small companies stage a comeback

But will the enthusiasm last? Jane Martinson finds that opinion is divided

On the Wall Street catwalk, big is beautiful. For almost a year, blue chip shares have been fêted and adored while smaller companies have been forced to look on jealously.

In that time, the gap between the Standard and Poor's 500, the broad-based index of larger US groups, and the Russell 2000, the index of smaller companies, has grown to levels which have been described as unprecedented outside a recession. Smaller companies are expected to do well in times of economic expansion and in a market which is enjoying record levels of investment.

The question exercising investors is whether the small shares will catch up or whether the valuation gap is yet further evidence of an overblown market. Bears argue that, in fact, it is the larger companies which are due for a correction, while bulls urge investors to take advantage of a great buying opportunity among smaller companies.

The bulls appear to have held sway so far and small companies have staged a comeback. The Russell 2000 rose 11 per cent in May, almost twice the rate of growth in the S&P 500. This was the best monthly performance since August 1996 when the gap between big and small first appeared.

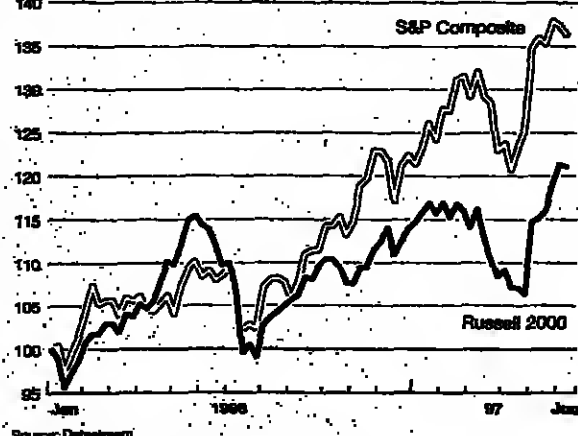
The Russell's performance has strengthened this week. It achieved seven successive all-time highs in the run-up to Monday. In so doing, it shrugged off last week's profits warning by Intel, the world's largest silicon chip manufacturer - unlike the technology-driven Nasdaq composite index.

With technology companies making up the second largest group in the Russell, the index often mirrors big movements in the Nasdaq. On Thursday, the Russell, where the largest company is valued at not much over \$1bn, closed at another record of \$84.99.

Will the enthusiasm last, deepening a bull market which is already among the longest in memory? The Russell's rally has convinced Abby Cohen, co-chairman of the policy investment committee at Goldman Sachs,

Making SmallCaps feel smaller

Released 1/1/96=100



who issued a strategy document earlier this week headlined: "The case for small-cap stocks".

She argues that the relative valuations of the small and large companies make the former better buys. Her research, based on earnings estimates for 2,000 companies, suggests that the returns from smaller companies will exceed those of larger groups by a "significant margin".

With blue chip shares trading at historic forward multiples, the bargains have long gone. She believes that the indices for larger companies, such as the Dow Jones Industrial Average, are "touching the tops of their trading range for the time being". On top of this, she feels that investor confidence in the continuing health of the economy will increase.

According to Cohen, the next set of earnings results will be crucial in shoring up this confidence and helping the Russell. "I happen to think that second quarter earnings will be just fine," she says. Cohen also points out that the increasing likelihood of cuts in the capital gains tax is likely to have a particularly beneficial effect on investors in small companies, as most of their returns are derived from price appreciation and not income.

This bullish tone is not shared by Thomas McManus, the chief investment strategist at NatWest Securities. He admits he is in a minority when he says that the past year's under-

performance should be the norm.

McManus believes that the "anomaly and opportunity" that other analysts see in the valuation gap is "a beginning of a reaction restoring the natural relationship". This is mainly because of the way the small company scene has changed. More and more groups have been rushing to the market before proving themselves, he says. This explosion of new issues has made them riskier as investments than they have ever been.

According to McManus, last year's earnings disappointments were a bad sign. "If they can't meet Wall Street expectations in 1996, how can they be expected to meet them in an economic decline?" he says.

This debate about the relative performance of smaller companies is unlikely to end soon. The Russell 2000 is set for its annual recomposition later this month when some 500 of the worst performing companies are expected to be removed and replaced with their faster growing competitors.

This period typically affords investors the chance to grab stocks before the index trackers do. If the market continues to believe that the sector is undervalued, they could be more than usually wise to do so.

Dow Jones Ind Average
Monday 7,289.40 - 41.84
Tuesday 7,312.15 + 22.75
Wednesday 7,288.68 - 42.48
Thursday 7,305.29 + 35.63
Friday

London

Bank poops the UK party

And it was all going so well, laments Philip Coggan

The week was going far too well. British success at cricket, football and rugby was creating a sense of national euphoria. Someone had to be a party pooper - step forward the monetary policy committee of the Bank of England.

These distinguished gentlemen - the female member does not join until September - are obviously the types you meet on sunny days who say: "Looks like rain in a moment", or who diagnose every headache as a potential brain tumour.

They decided yesterday to raise base rates by a quarter of a percentage point to head off inflationary pressures. Those analysts who thought the committee might wait a while to see the shape of the first Labour Budget were confounded.

So the new era of independent interest rate setting has got off to a decisive start. But it is hard to believe that,

had a politician been calling the shots, rates would have risen yesterday.

The market (as represented by the short sterling futures) seems to think that the committee will push base rates up by a further half a percentage point this year, so that they hit 7 per cent by December. This anti-inflationary rectitude should be good for UK securities in the long run - sober, pessimistic folks may not be too popular at parties but financial markets love them.

Traders reckon that, by acting in a controlled way now, the monetary policy committee can negate the need for much more substantial rate increases later on when inflation gets out of hand.

Whether, in the short run, the Bank's move will be quite so good news for equities remains to be seen. The FTSE 100 index took the news in its stride yesterday and closed 68.8 points up at

4,645, especially after Wall Street gave a benign response to the latest US employment figures.

But shares do not normally respond well to rising rates. In the period from March 1979 to October 1996 (when the present cycle began), interest rates rose and fell in 24 phases. In the periods when rates were rising, the All-Share dropped by an average of 0.1 per cent. Much might depend this time on just how far rates need to rise; pessimists such as Charterhouse's Richard Jeffrey think 8 per cent is more likely than 7 per cent as an end-1997 level.

Starting may also be given a further lift by the Bank's actions, something that would not please the country's exporters. The pound showed signs this week of acquiring some "safe haven" status as the result of the French election and Germany's desperate efforts to meet the Maastricht criteria



The euphoria couldn't last - so the Bank of England stepped in

events that prompted investors to believe the euro would be a widely-based and weak currency.

Early trading in Halifax shares dominated the start of the week as private investors cashed in their allocations to buy new kitchens, holidays and cars and institutional investors struggled to build up their weightings in one of the UK market's biggest stocks.

This was one of those occasions when most of the price action occurred in the run-up to the start of trading. Initial indications for the Halifax price were not that far above \$4 but, by this time last week optimists were talking about the shares hitting \$5.

In the event, while an early peak of 776p was reached, the shares dropped back quite quickly; the investment institutions, it seems, were far too canny to rush headlong into the market straight away.

There was a good deal of profit-taking in the banks on Monday - hardly surprising in the light of the sector's astonishing outperformance this year. With its star sector in the doldrums, Footsie actually chalked up six successive declines. By the end of the week, though, the return of bid rumours was attracting the buyers once more.

The attention now switches to Norwich Union which, according to grey market trading at City Index and IG Index, is already moving ahead strongly. Nor-

wich has the novelty value of coming from the insurance sector rather than banks. One has to wonder by the time we get to Woolwich flotation, institutions will be suffering from touch of banking indigestion.

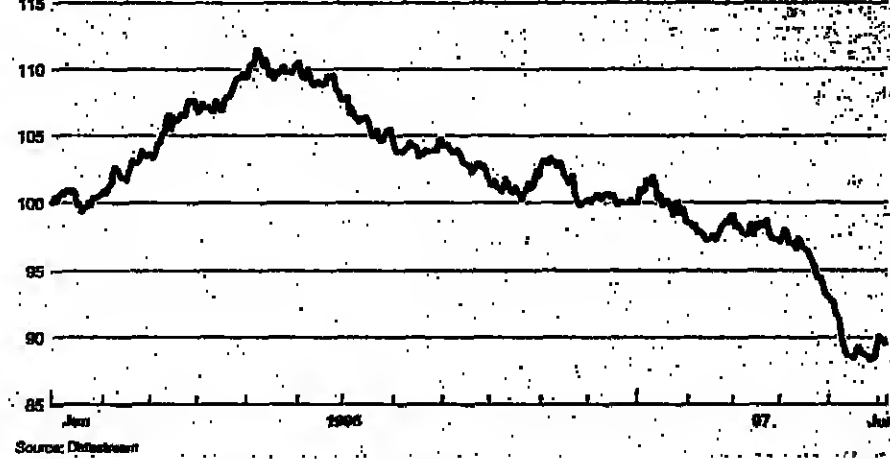
Those bulls who are seeing to pick the right stock in the present climate should perhaps start looking outside the FTSE 100 index. As the graph shows, the M250 index has lagged behind Footsie since mid-1995 underperforming the 1 index by 20.7 per cent between May 1996 and May 1997. But Richard Dingwall Smith, an economist at strategists at Sutherland Edinburgh, reckons that time might be due for revival in the mid-c. stocks.

He points out that the sector's exposure of the Mid-2 index has been unhelpful over the past year. The 2 has a low exposure to big stocks and other financials and is underweight in industrial defensive sectors such as oil and pharmaceuticals. By contrast, it has much heavier exposure to domestic industrial growth stocks. Such companies have been hit hard by the strength of sterling.

In valuation terms, the 2 also looks attractive. The index is close to a 10-year relative low against the Footsie. It offers a dividend yield premium, rather than discount, to the senior index. And, in price-earnings terms, the big over-valuation noticeable in mid-1996 is been eroded.

Time for the MidCaps to rally?

Mid 250 relative to the 100 index (FTSE indices)



Highlights of the week

	Price	Change	52 week	52 week
	Friday	on week	High	Low
FTSE 100 Index	4645.0	+23.7	4683.9	3612.6
US jobs report				
Deutsche Mark/Grenfell recommendation				
British Aerospace	216	+1.1%	221%	134
Eurofighter hopes	1315	+72%	1375%	914
US merger hopes	725%	+25%	783%	502%
US sales fears	590%	-17	590%	464
Figures disappoint/Carnegie fears	364	-102%	673%	384
Recovery	48	+23	587%	462
Profit-taking	1019%	-40	1186	907
Profits warning	488%	-36%	532	230
Brokers upgrade	249	+19	259	178
Wine development contract	275	+50%	275	170
Big talk index	1303%	-49%	1489	890
Disappointing figures	117%	-8	211	110
Return of bid talk	624	+24	693%	484
Strong results/broker upgrades	280%	+19%	303%	217%

Barry Riley



A bull market - for some

Small stocks have not kept pace with the advances

It's a great big bull market - or is it? Sure, the FTSE 100 index is up 13 per cent since the beginning of the year, albeit 1 per cent off its peak. That follows last year's 12 per cent gain. The big blue chips are doing very well.

But the small stocks, as measured by the FTSE SmallCap index, are up only 4 per cent, and the middle of the market is stuck thoroughly in the doldrums.

The FTSE 250 index measures what might be regarded as the heartland of British commerce and industry. These are the 250 middle-ranking stocks, by market value, in between the big 100 international blue chips and the other 550-odd tiddlers that make up the All-Share index (which covers 96 per cent of the UK equity market).

The FTSE 250 is actually down in 1997 thus far, although by under 1 per cent. For the reasons, you only have to look at a 250 stock like Pilkington, which on Thursday this week confessed that its profits had crashed by 40 per cent.

This has become a remarkably concentrated bull market. Robin Griffiths, HSBC James Capel's technical analyst, points out that the top 15 stocks now account for a record 36 per cent of the All-Share. Financial services, oil and drugs dominate the picture.

Meanwhile, manufacturers are generally struggling under the pressure of a strong pound, which gained new buoyancy this week from the growing problems of the single

currency in continental Europe. There are, however, flickers of life in construction and property.

Yet, the standard market theory is that a UK economic boom should be good for the smaller, more domestically oriented listed companies. Normally, you would predict a late cycle rotation into the small and middle capitalisation stocks. Plainly, it is not happening.

This is now a remarkably concentrated bull market. The top 15 stocks account for a record 36% of the All-Share index

Instead, there was a striking 10 per cent surge by the Footsie in a month either side of the general election, wholly unreflected in the other indices. Yesterday the Footsie was again racing ahead.

Market patterns in the UK are strongly resembling those on Wall Street. There, the small-cap indices have underperformed by as much as 20 per cent in 12 months and the Russell 2000 index, a widely-followed measure of this sector of the US stock market, has exceeded its previous May 1996 peak only recently.

The major market themes on both sides of the Atlantic remain globalisation and restructuring, which are unhelpful to smaller companies.

Reported earnings per share on the 250 index, for instance, have fallen 3 per cent over the past year, while the top 100 stocks have raised earnings by 4

per cent - which still scarcely justifies the 22 per cent average appreciation by the Footsie stocks during this period. Earnings growth estimates for 1997 were higher, but are now being trimmed back to 5 per cent or so.

With the SmallCap price-earnings ratio well over 20, and the dividend yield barely 3 per cent, it is hard to argue that the minor stocks are being

exactly neglected. By these yardsticks, the big market leaders still appear a little cheaper in terms of investment fundamentals. But the top 100 include many banks, industrials and utilities which used to be thought dull, poorly managed or politically vulnerable; why, then, the rush to buy them?

The answer is, the sheer weight of money that has to be invested in a hurry. David Shaw, strategist at Legal & General Investment Management, says that Wall Street holds the key.

He has analysed the huge flows into US mutual funds. With part of the money spilling over into other markets around the world - mutual funds bought \$44bn of non-US equities in 1996, as well as \$307bn of US stocks - the same big capitalisation outperformance visible in the US since the spring of 1996 is also strongly evident in

Japan and Germany, as well as the UK. Imagine you had \$1bn a week of new money to invest, as sometimes happens at the big US mutual fund groups. You would want to place it in the biggest and most liquid stocks, which you could buy and also hope to sell - bearing in mind that these are open-ended funds. You would simply not have time to trickle money into the tiddlers.

There are parallels with the famous Nifty Fifty period of the late 1960s on Wall Street, that being another two-tier phase during a benign period of moderate growth and low inflation. At that time, though, Americans mostly punted directly in stocks rather than through mutual funds.

Now, the huge volume of savings into 401(k) personal pension plans, associated with a dramatic shift in preferred assets from bonds to equities, is sustaining a rise in equity markets around the globe, but especially in the US itself. The trend is leaving veteran investment managers gasping.

It seems an unstoppable force and might not be exhausted yet by any means. Indeed, Legal & General itself hopes to push some money into Wall Street if and when the next setback comes. So, even the London-based funds are adopting the "buy on the dips" philosophy.

But Wall Street will crack eventually, and for the same reasons as in the early 1970s: pressure from rising inflation and bond yields.

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Offshore managed funds and UK managed funds are listed in Section One

FT WEEKEND

True Fiction

Home of the sporting banana

Justin Cartwright decides to quit London when a stranger brings sunny news from Queensland

My grandfather came from Australia. He arrived in South Africa with the Queensland Mounted Infantry to help the Empire against the Boers, and ended up marrying one.

She was the daughter of a schoolteacher in a small town in the Transvaal, and when she saw the Mounted Infantry sweep down Church Street, she realised that her family had been backing the wrong side all along.

Their marriage did not last long. She died in the flu epidemic of 1918, and he became an unsuccessful salesman of agricultural machinery.

Towards the end of his life, he came to live with us. Once, when I was a very small boy, I can remember him leaving home with an empty suitcase and being relieved by my distraught mother from Cape Town station. Aged 77, he was making

his way back to Queensland.

The other day I was sitting writing - well, that is to say contemplating the act of writing - at my desk here in London, there was a knock on my front door. A tall man with a very sunburned face stood there. "Are you Justin Cartwright?" he said.

I hesitated for a moment, because my writing day is plagued by deranged people who come to the front door demanding £4.90 for the fare to High Wycombe, where their children are all terminally ill. Or sometimes they come with an introductory offer to the Church of Latter Day Saints.

"Yes," I said, primly, "I am."

"I'm your cousin, Ray McPherson from Emu Point, Rockhampton."

"I'm busy at the moment."

"Jeez, 'm your cousin, mate, we're related."

"You had better come in."

He commiserated with me on living in Islington. "Where's the beach? Where are the palm trees? Where can you see the minke whales mating?" I had to admit none of this was possible at the moment in Barnsbury, although you could see Tony Blair's house just a few streets away.

While he was drinking up the

modest supply of grand cru, which had been looting under the staircase since Christmas 1979, he told me a strange tale.

When my grandfather left for the Boer war in 1900, he owned a small property in Emu Point, a few miles from the town of Rockhampton.

In those days it was the haunt of the black widow spider, the cane toads, the boomabong viper and a species of wallaby believed to be carnivorous, but now extinct. The boreholes had discovered no water. The land

was good for nothing. It faced out to the sea, which was full of sharks.

Now, a hotel and casino consortium wanted to buy the land. And guess what, as the only direct descendant of Sgt James McAllister of the Queensland Mounted Infantry, I was the owner of the piece of land. "There's big bucks in this Jinty old mate," said Ray. "Big, big bucks."

"Where do you fit in?" I asked.

"Where do I fit in? What kinda bloody question is that? I have come half way around the bloody world to tell you of your good fortune."

I agreed to pay him five. I am about to receive A\$5m for my 10-acre plot of land. Cousin Ray has persuaded me to invest a million in a banana drying plant. Bananas are the next big thing in sport. They are essential food for mental focus, full of trace elements and many other good things I can't recall instantly.

As for myself, I am giving up writing and moving to Queensland, which is, after all, the land of my forefather. In his honour, I have named the new enterprise "Mac's Banana Academy" - home of the sporting banana.

The only writing I'll ever be doing in the future is a little promotional literature. As cousin Ray says, I'm in the real world now. I don't need to spend my life making things up no more. I think he means "any monkey's" it's a question of winners and losers. And writers are losers.

Metropolis

Non-conformist city gets a paint job

Gordon Cramb has a grey afternoon in Amsterdam brightened by paintbombers protesting against a European summit

The first missile hit our boat as it was about to pass under a bridge... thhhwapp... a few seconds of darkness and then another thhhwapp as we nosed back into the damp grey of an Amsterdam afternoon.

The gloom saved us from a sticky fate. A summer day and the canal barge's glass roof would have been open, and the paint bombs would have updated a few wardrobes.

The vessel had a motley enough complement of journalists getting a guided tour of Amsterdam as it readied itself for the summit. It was all to do with the European Union summit in local dialect. The paint bombers have come to call it EU Rot Op - It's Dutch for "EU Sod Off".

In a posting to a Dutch internet newsgroup, the paint protesters summoned readers to a demonstration on summit eve next weekend to rail "against the united Europe of capital", and explained that they want to bring a little colour to drab, conventional Euro-lives.

The splattering was welcome for unintended reasons. It provided a respite from the doggedness of Dutch television crews fascinated by the reaction of fellow backs to a sighting of the Red Light district. One newly arrived American dutifully opined that "Amsterdam is so much more, it's a historical city, it's a cultural city" - in a script which could have been written by Young and Rubicam.



That advertising agency was charged last year with defining a new image for Amsterdam as it readied itself for the summit. A survey by the agency found that visitors characterised the city as bohemian and the rest of the Netherlands as bourgeois, and so the city bestowed upon itself the title "Capital of Inspiration".

"It sounds like something you could read on a coffee shop wall," mutters a senior banker. A "coffee shop" has connotations in Amsterdam, where caffeine is not the

only soft drug on sale. It is debatable whether Capital of Inspiration meets the brief of cultivating an image beyond the enduring depiction of an unruly assemblage of retail opportunities for the sex and drugs industries.

In any event, Mayor Scheltjo Patijn, halfway through a renewable six-year term, is still regarded as a non-bohemian outsider from The Hague, the bland and bureaucratic seat of government. "A European in Amsterdam rather than an

Amsterdammer in Europe," is a common description.

It is an impression dispelled neither by the raglan-sleeved beige raincoat from which he appears inseparable - one justification against paintbombers - nor by the presence of his brother Michiel in the central government as minister for Europe.

Both pay due obeisance to such basics as tolerating the small-scale supply and use of cannabis, established as law a generation ago.

But each is conscious of a wider EU constituency where those attitudes put the Netherlands in a minority of one. With European leaders intending to bring in more majority voting on home affairs and justice issues, that becomes a lonely and vulnerable place to be.

The Patijn brothers' near-term aim is to garland the Dutch presidency of the EU with an incident-free summit concluding on June 17 in agreement on a Treaty of Amsterdam.

The difference between the two is that, from July, Michiel goes back to being a junior minister from a mid-sized European state, while Scheltjo has at least another three years in charge of a city of 720,000 which likes to see itself as the continent's least conformist capital.

In some respects, few cities have been more consistently capitalist. The thread of commerce connects the here, the merchants who built the city as a trading hub, with 1990s Amsterdam, where empty small flats

of surplus bric-a-brac each April 30 and mark the queen's birthday by setting the clutter on the pavement to see what they can sell and at what price.

If there is a danger to Amsterdam as we know it, it is arguably less likely to come from the market than from those seeking to regulate it. Queen's day, a big tourist draw, pulled this year under stricter rules governing the where and when things could be sold.

And when Scheltjo Patijn pledges that the 20 or 30 cof-

fee shops in the immediate environs of the French-owned Grand Hotel "will all be open for their normal business hours" during the summit sojourn of President Jacques Chirac, chief opponent of the lenient drugs policy, operators of those outlets should study the precise terms of their licences.

Opening hours have recently been tightened for nightclubs but improved for those whose evening ambitions are more decorous. At the back door of the palace, a new flagship of the Albert Heijn supermarket chain, quadruple the size of the poky inner-city outlets which had come before, purveys its uncluttered wares until 10pm.

Although its owner, Abhold, maintains "the Dutch customer doesn't want to choose from 25 sorts of lettuce", its arrival acknowledges there are bourgeois needs still to be met. This mercantile monument counts as one of two significant amenities bestowed on pre-Eurotop Amsterdam.

The other is the New Metropolis, a science museum which, in name and scale, symbolises municipal desires to establish the city as a centre of knowledge.

But for real inspiration, one must go to the roof. There, Italian architect Renzo Piano has given the city a 3,750 sq m tiered piazza - the only public space near that size which, in this lowest slung of cities, is above sea level. It is Amsterdam's summit.

Arcadia

Tripping over the cobblestones

Nicholas Woodsworth contrasts Portugal's rusticity with its galloping development

Perhaps I am becoming a stuffy traditionalist. I used to have a fairly clear notion of the difference between what is rural and what is urban. Cows and fields and tractors in one; shops and houses and busy streets in the other. It all seemed cut and dried.

Then I began travelling through northern Portugal and became confused. The construction of modern Europe, it seems, is capable of turning even the simplest of notions on its head.

Most Portuguese will tell you that the province known as the Minho is the most beautiful part of their country. Unlike much of the rest of Portugal, the gentle coastal hills and valleys that roll from the city of Oporto north to the Spanish border are lush, well-watered and fertile. Admirers talk not only of its sylvan beauty, but of a traditional way of life that has barely changed over the ages.

All this is, in fact, true. Here you can see peasant women walk barefoot beside cobblestone roads with loads balanced on their heads. Grape vines grow high on 15ft posts hand-hewn from solid granite. Yoked, long-horned oxen pull heavy wooden farm carts.

What tourist brochures usually fail to mention, however, is that even in the deepest Minho countryside, archaic rusticity is thickly overlaid with modern, galloping development.

The cheapest of gimcrack, cinder-block construction sprouts everywhere among

the fields. Building cranes soar above rows of cabbages. Brick kilns, car dealerships, lumber yards, ceramic bathroom accessory showrooms, electricity pylons, traffic roundabouts and other elements of urban blight sprawl across the countryside.

Odder still, to me, were the large numbers of inexpensive new villas that sat by the roadside attempting to look like the country houses of landed gentry. They do not succeed. Most stood empty and surrounded by high weeds.

What, I asked myself, was happening in the Minho? Here two worlds seemed to have run smack into each other at high speed and landed in a confused pile. It all made for a very strange human geography.

So off I went to the University of the Minho in Guimarães to consult a human geographer. The first Portuguese capital, Guimarães, like other Minho towns, is a bizarre mix of the archaic and the modern. The university itself, a futuristic steel and glass building, is surrounded by vineyards and cows.

It all makes sense of a sort. Maria-José Caldeira, professor of human geography, assured me. Like the rest of Portugal, the Minho has been catapulted into Europe at high velocity.

Here the contrast between old and new are simply more obvious. Just a generation ago this hinterland was a profoundly conservative, rural agrarian society, the Portugal idealised by dictator Antonio Sal-

azar. Today, it is transforming itself into a commercial and industrial region.

Much of the impetus for this rapid modernisation dates from Portugal's entry into the European Union in 1986. Before that economic prospects in the heavily populated Minho were so poor that large numbers of Minhoes, like other Portuguese all over the country, emigrated to seek better lives elsewhere.

Most emigration took place in the 1960s and 1970s.

It is among the rural peasantry that grave doubts about Europe persist

But even today about 4.5m Portuguese passport holders - almost half the resident domestic population of 10m - live outside the country. After Lisbon, Paris is the largest "Portuguese" city. Thus the existence, explained Caldeira, of the countless, cheaply extravagant, empty roadside villas in the Minho, built by emigrants who return only for holidays.

But not all who have stayed at home have failed. The professor said: for proof I only had to look out of the window at fashionably dressed students climbing into new cars in the university parking lot. But growth based on cheap labour,

export-based industry, foreign investment and EU aid has largely benefited the Minho's urban, commercial class. The substantial rural, agricultural population on which it is grafted continues much as before.

As a whole, in fact, Portugal remains the poorest, least developed country in the EU. In Portugal's poorer regions income is just one-third of the EU average, and basic services such as health, education and social security are well below European standards. A 1995 National Literacy Study shows that 47 per cent of Portuguese between the ages of 15 and 64 have little or no ability to read, write or perform simple arithmetic.

Given such rapid change in so poor and traditionally conservative a society, I asked, what do Minhoes think of increasingly strong ties with Europe?

It is among the substantial numbers of rural peasantry that grave doubts about Europe persist, Caldeira noted. Why did I not go and see for myself, she suggested. And so the next day I found myself in the village of Nogueira, helping Maria-Helena, Gloria and Tereza till a field with a horse and a wooden plough. Nogueira lies just inside Trás-os-Montes, the even poorer inland province to the east of the Minho. Although roads and electricity arrived here 40 years ago, Nogueira - rough, stone-hewn dwellings with cows downstair and humans up - suggests lingering ties with the neolithic.

I met Maria-Helena, headscarfed and threadbare, by an outdoor stone tank where she was washing laundry. With her daughter and aged neighbour I accompanied her in a wooden cart to the maize field she was ploughing.

There are few men left in the village to do such work, she said as we hitched a wooden, metal-tipped plough to her sway-backed horse and began turning the earth. Most have gone to work in France. Maria-Helena has worked there herself, and misses the comfort and security she knew. Portugal, she thinks, must become like the rest of Europe.

But European union, she told me, threatens her own already precarious life. Like other peasants here, she can no longer sell the potatoes that once supplemented her subsistence farming - commercial produce from Spain is now being sold here at much cheaper prices.

"We cannot compete," she said. "We can sell nothing. We live only by what the earth gives us. It is not enough." This is, of course, an old story, endlessly repeated in corners of the new Europe wherever the obsolete and local bumps up against the competitive and trans-national. But rarely, I thought, watching the three women struggle in a cold wind with horse, plough and an apron full of maize seed, is it as poignant.

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